

Securities

Babcock & Wilcox Investor Suit Alleges BRC Group Ties in AI Deal

April 15, 2026, 9:59 AM PDT

Babcock & Wilcox Enterprises Inc. didn't alert investors that its largest shareholder, the financial firm formerly known as B. Riley Financial Inc., had a close relationship with the power producer with which B&W inked a \$2.4 billion deal, a proposed class action said.

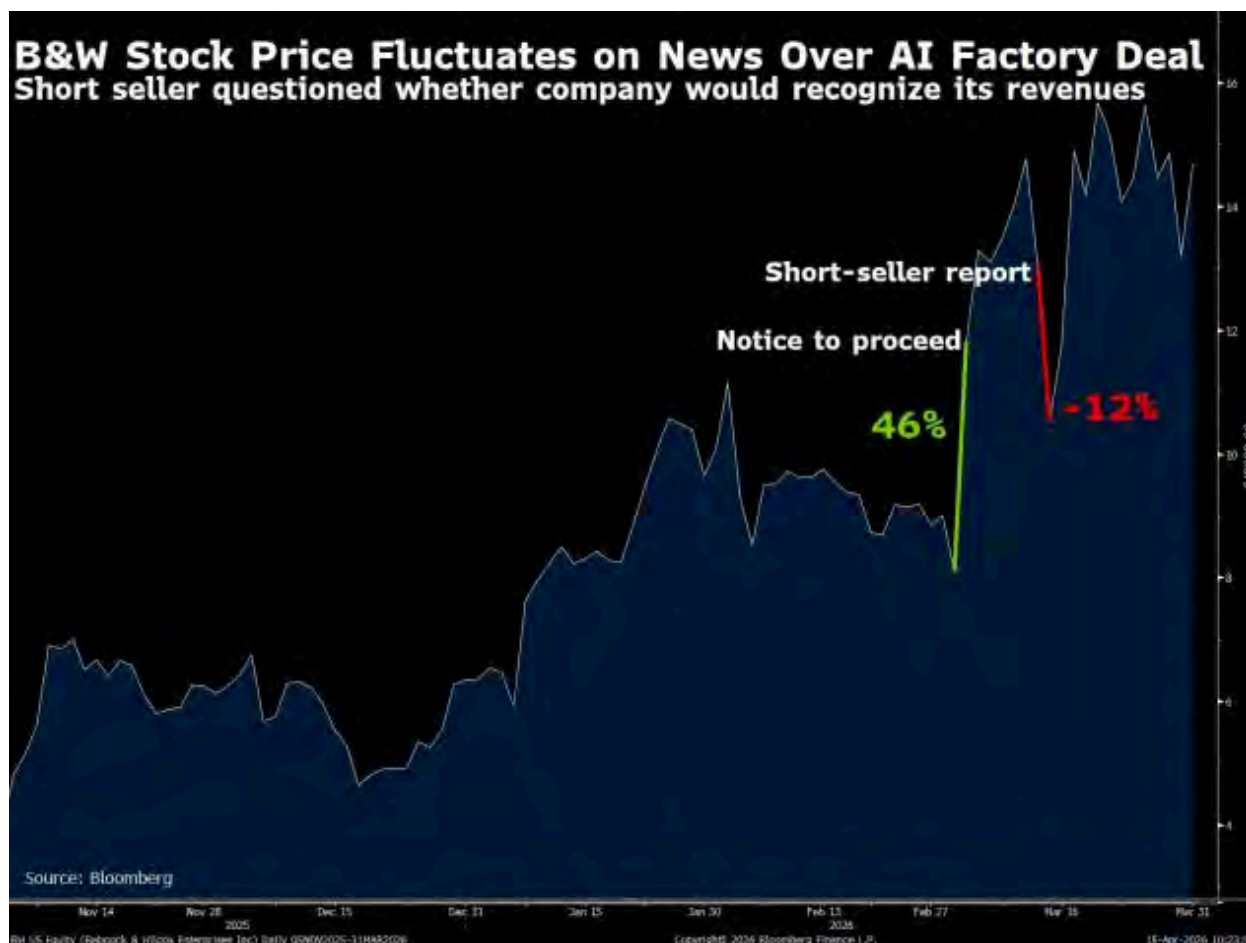
B&W had been touting its agreement with Applied Digital Corp. for an artificial intelligence data center power project, preliminarily announced in November, until a short seller questioned whether the energy solutions company would eventually recognize revenues on the contract, according to the investor's complaint filed Tuesday at the US District Court for the Northern District of Ohio.

B&W said March 4 it received full notice to proceed on a \$2.4 billion design-build pact with Base Electron Corp., an independent power producer formed by Applied, to support that company's AI factory campuses. B&W's share price jumped almost 46% to close at \$11.80 that day.

The short seller, Wolfpack Research LLC, on March 12 accused B&W of failing to disclose a relationship between Base Electron and B&W's largest shareholder, BRC Group Holdings Inc., the firm formerly known as B. Riley. Wolfpack called the design-build agreement a "backroom deal" between BRC's Chairman and co-CEO Bryant Riley and Applied Digital.

Bryant Riley was one of Base Electron's directors and the power producer's registered address matched that of BRC's headquarters, Wolfpack's report said. Applied Digital didn't need the services B&W was providing, Wolfpack said, and could escape an approximately \$435 million fixed-fee obligation to B&W by paying as little as \$50 million—or it could terminate any payment obligations if Base Electron listed on a public exchange or independently raised \$50 million.

"BW didn't mention RILY's backing for Base Electron in its press release for the deal that dramatically increased the value of RILY's stake in BW, and that is no surprise considering the glaring conflict of interest," Wolfpack said, using B&W and BRC's ticker tags. "RILY has ample reason to over-hype this deal from behind the scenes, and we think the ultimate purpose of this deal may be to provide exit liquidity for RILY, as presaged by its CEO Bryant Riley's sale of \$10.4 million in BW stock at \$9.00 per share on February 11th, 2026, to alleviate his debt burden."



B&W's stock price dropped almost 12% to close at \$13.05 a share the day the report published.

Investor Caleb Cho seeks to represent a class of those who acquired B&W securities from Nov. 5, 2025, through March 11, 2026. Cho seeks damages for alleged securities fraud by B&W, its CEO Kenneth Young, and chief financial officer Cameron Frymyer.

Cho's represented by Pomerantz LLP and Dittmer, Wagoner & Steele LLC.

B&W didn't immediately respond to an email seeking comment.

The case is Cho v. Babcock & Wilcox Enters., Inc., N.D. Ohio, No. 5:26-cv-00886, complaint filed 4/14/26.

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Cyber Incidents' "Long Tail" Impact on Shareholder Value

K [dandodiary.com/2026/04/articles/cyber-liability/cyber-incidents-long-tail-impact-on-shareholder-value](https://www.dandodiary.com/2026/04/articles/cyber-liability/cyber-incidents-long-tail-impact-on-shareholder-value)

Sarah Abrams

April 16, 2026

A new study highlighted on the [Harvard Law School Forum on Corporate Governance](#), and posted by Subodh Mishra, Global Head of Communications at ISS STOXX, on Tuesday, April 14, 2026, quantifies how cyber incidents can have sustained and measurable negative impacts on shareholder value. The report, based on research conducted by [ISS STOXX and ISS-Corporate](#) (the study), analyzed cyber incidents among companies in the Russell 3000 over a multi-year period. Its findings are stark: companies experiencing significant cyber incidents underperform the broader market by approximately 5% on average over a three-year time period.

As [D&O Diary readers are aware](#), cybersecurity issues can be a source of D&O liability. The findings in this recent study pile on with findings that cybersecurity failures may also result in share underperformance for a broad period. The following discusses the findings of this most recent study, reasons for a longer tail and D&O liability and litigation implications.

The ISS STOX and ISS-Corporate Study's Findings

The study levered cyber incident data sources, which included self and required state and federal reporting, and compared share price performance across the Russell 3000 index from 2022 through 2024. The analysis looks at the share price impact of 176 unique events, measured from the date the incident was first reported by the impacted firm. The study also used the adjusted closing price for all trading days during calendar years 2022, 2023, and 2024, considering the impact of share splits and reverse share splits over that period.

Notably, the study found a significant and sustained impact on share price for Russell 3000 index companies that experienced a significant cyber event. And share price underperformance was not quickly reversed. Instead, affected companies continue to lag the market for extended periods, often exceeding a year, suggesting that cyber incidents trigger longer-term concerns among investors about governance, operational resilience, and future earnings capacity. Importantly, the Financing and Banking and Health Care sectors accounted for more than half of the incidents reported during the time-period of the study.

This recent ISS STOXX and ISS-Corporate study findings align with broader observations about the growing frequency and systemic nature of cyber risks. [Prior research](#) has shown that cyber incidents affect a significant portion of public companies, with hundreds of reported incidents across the Russell 3000 in recent years, often involving third-party vulnerabilities and supply chain exposures.

Discussion

While the ISS STOXX and ISS-Corporate study highlight the long tail share price value impact stemming from cyber incidents may expose underlying weaknesses, there may be many reasons why that happens. An incident may indicate failure in internal controls, risk management frameworks, and board oversight, leading investors to reassess not just the specific event but the company's overall governance quality.

In addition, cybersecurity events can give rise to follow-on consequences including regulatory scrutiny, litigation, customer attrition, and remediation costs, many of which continue to unfold over time. A significant breach also may indicate that management failed to adequately prioritize cybersecurity investment or failed to disclose known vulnerabilities. In that sense, the market reaction may reflect not just the incident itself, but a reassessment of management credibility and disclosure practices.

From a D&O perspective, the demonstrated sustained stock price decline could provide a clearer causation narrative for securities plaintiffs. [Plaintiffs' lawyers have faced challenges](#) in tying cyber incidents to measurable investor harm, particularly where stock price declines were short-lived. The study's findings, showing prolonged underperformance, may help plaintiffs argue that cyber-related misstatements or omissions caused enduring shareholder losses, strengthening both pleading-stage allegations and damages theories.

The study may further reinforce the theory that cyber incidents could become event-driven securities claims, resulting from an operational failure. Thus, empirical evidence of sustained share value impairment may support shareholder causation arguments. The study findings could also be used in derivative litigation alleging oversight failures. If cyber incidents are shown to have long-term financial consequences, plaintiffs may be more likely to frame these events as failures of board-level risk oversight, invoking theories akin to Caremark claims.

Companies will continue to face pressure to provide robust and accurate disclosures regarding cybersecurity risks and incidents. If cyber incidents are now framed as causing prolonged financial impact to share price, regulators and investors alike may expect more detailed disclosure about both the incident itself and the company's remediation efforts. At the same time, companies may have to navigate the challenge of a timely disclosure and submitting incomplete information in the immediate aftermath of a breach. The risk, as highlighted by the study's findings, is that inadequate or overly optimistic disclosures may later be challenged considering sustained stock price underperformance.

From a governance standpoint, the study reinforces that cybersecurity is no longer a purely technical issue but a board-level priority. Thus, for D&O insurers and underwriters, the study's conclusions are particularly relevant. The evidence of sustained shareholder value impact may translate into increased frequency and severity of securities claims arising out of cyber incidents. Underwriters may respond by more closely scrutinizing insureds' cybersecurity governance frameworks, incident response protocols, and disclosure controls.

Finally, the study highlights the importance of evaluating aggregation risk, particularly where cyber incidents affect multiple companies through shared vendors or third-party providers. [As prior research has shown](#), a significant percentage of cyber incidents originate from third-party relationships, suggesting the potential for correlated D&O exposure.

Conclusion

The study and distillation by Harvard Law School Forum on Corporate Governance provides compelling empirical support for what has increasingly become apparent: cyber incidents are not isolated operational events but enterprise-level crises with lasting financial consequences. The finding that affected companies underperform the market for extended periods underscores the growing importance of cybersecurity as a core governance and disclosure issue.

For boards, the study's findings support robust cyber risk oversight, proactive, and well-documented at the executive and board level. For D&O insurers, the study could signal a continuing evolution of cyber risk into a material driver of securities and derivative litigation exposure. As the study underscores a cyber incident's significant impact on longtail shareholder value erosion.

Tags: [cyber exposure](#), [Cyber incident](#), [D&O insurance](#), [Securities Litigation](#)

Securities

ESG Investor Proposals Fall by Half as Engagement Shifts Focus

April 16, 2026, 3:00 AM PDT

Environment, social and sustainable governance shareholder proposals are down by almost half this year as investors and companies engage more behind the scenes and other kinds of proposals take center stage.

Shareholders had filed 184 ESG proposals as of March 17, down 47% from the same period last year, progressive shareholder group As You Sow reported Thursday.

The Securities and Exchange Commission's November decision to let companies choose which bids to include on ballots might have chilled issues-based resolutions. But there's another story behind the data, the report says: Direct, private engagement between investors and companies is gaining traction. Companies are subject to lawsuits and reputational damage when they unilaterally exclude resolutions, so they have a new incentive to reach deals with shareholders before ideas reach the formal proposal stage.

"Companies that prefer to not have public votes on shareholder resolutions on their proxy statements are choosing to engage behind-the-scenes with proponents," the report says. "As a result, we see fewer resolutions needing to be filed and higher rates of withdrawals."

Downsides come with increased behind-the-scenes talks: Fewer proposals on ballots mean investors don't have as many chances to read about risks their peers are watching, according to As You Sow's report.

The SEC further cut investor-to-investor communication through its recent ban on smaller shareholders publishing notices of exempt solicitation—which shareholders had relied on to transmit information. Advocacy groups have since propped up their own communication forums and independently published materials calling out companies they see as bad actors.

Companies and investors, also navigating President Donald Trump's campaign against diversity, equity and inclusion, have seen support for ESG proposals decline in recent years. Shareholders this year have instead prioritized down-the-middle governance initiatives like calls for independent board chairs.

However, when investors approach companies to either prop up or tear down DEI and climate initiatives, they're finding room to negotiate. Think tank National Legal and Policy Center, for instance, recently reached agreements with Goldman Sachs Group Inc., Deere & Co., and American Express Co. to drop diversity criteria from board director candidate pools.

The most popular ESG proposal categories this year include corporate political influence, climate change, human rights—which saw a 62% spike from last year—and environmental management, according to As You Sow.

This proxy season has also spawned new kinds of resolutions altogether: As You Sow asked insurance company Chubb Ltd. to study a new way to recoup climate change-related losses, Tyson Foods Inc. will consider reporting how immigration enforcement impacts operations, and Southern Co. is facing investor pressure to keep data center expansion from affecting customer rates.

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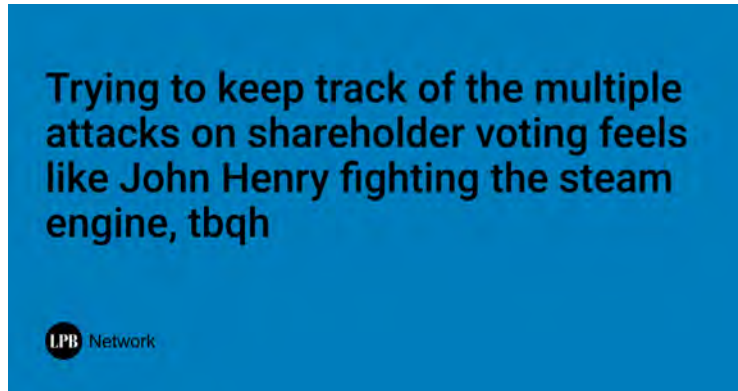
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Trying to keep track of the multiple attacks on shareholder voting feels like John Henry fighting the steam engine, tbqh

LPB [businesslawprofessors.com/2026/04/trying-to-keep-track-of-the-multiple-attacks-on-shareholder-voting-feels-like-john-henry-fighting-the-steam-engine-tbqh](https://www.businesslawprofessors.com/2026/04/trying-to-keep-track-of-the-multiple-attacks-on-shareholder-voting-feels-like-john-henry-fighting-the-steam-engine-tbqh)

Ann Lipton

April 16, 2026



This week, we have some new developments in the conservative/Trump Admin effort to control and/or undermine shareholder power.

First, we have [these new releases](#) from [the Department of Labor](#).

Now, I [previously posted about how ERISA regulation could be used to undermine shareholder voting](#); these new releases come at the problem from a different angle. They hypothesize that any proxy advisor serving an ERISA-regulated plan is necessarily an ERISA fiduciary – and, as I understand it, that would potential include proxy advisors who serve mutual funds that are included in a 401(k) menu. Notably, proxy advisors' [pivots to offering "research only" products won't save them](#); the releases explain even providing research might render a proxy advisor an ERISA fiduciary.

The releases also suggest that the *funds* themselves included in a 401(k) menu – and the investment advisers that serve them, i.e., BlackRock and its stewardship team – are ERISA fiduciaries.

All of this would dramatically expand the regulatory ambit of ERISA, and though the administration *says* the implication is that these entities should only act to maximize plan wealth, what they *mean* is that (1) any measures pertaining to social responsibility will be treated as presumptively unrelated to plan wealth, and (2) all of these entities could be subject to much more onerous disclosure and recordkeeping requirements, in ways that may inhibit their ability to vote freely.

Now, to be fair, a lot of funds within retirement plans are already ERISA fiduciaries: as Natalya Shnitser [points out](#), collective investment trusts (CITs) included in defined contribution plans are considered ERISA fiduciaries, even if mutual funds are not, and BlackRock et al. seem to be managing just fine sponsoring CITs that are included in ERISA plans. Still, though, I view this as kind of a first step toward imposing a more onerous regulatory scheme – after [Trump I struck out with its first attempt](#)– and unless mutual fund sponsors are willing to split votes between those that represent proportional shares of funds included in ERISA plans and proportional non-ERISA shares, fund managers are likely to simply vote as regulators prefer for all mutual fund assets.

Notice the further implications here: in some ways, this is about Trump admin bugaboos like diversity and climate change, but in others, the Trump Admin and state regulators are pretty explicit about stamping out all challenges to management (see below on Indiana's law). And if regulators have the freedom to decide (on a theory of what counts as wealth maximization) which boards can be challenged by shareholders and which cannot, that leaves corporate management awfully ... dependent ... on the state to maintain their positions, with all the implications that follow.

I'll also note – again, see comment on Indiana's law, below – the releases argue that there is no ERISA preemption for *state* regulation that focuses on wealth maximization. That matters because Glass Lewis [is currently arguing that Texas's law, purporting to regulate ESG advice or really any recommendations to vote against management, is preempted by ERISA](#).

Second, Mike Levin and I [did a podcast](#) about pending proposals at the state level to regulate proxy advisors, mostly involving [this model act](#) by the conservative anti-ESG organization "consumers defense."

Well, Indiana has gone ahead and adopted one of these proposals, and [ISS filed a lawsuit to challenge it](#). The key features of these laws, as Mike and I talked about, are: (1) they try to avoid the First Amendment problems that plagued earlier laws (like Texas's) by regulating *any advice against management* rather than ESG advice specifically, and (2) in at least some cases, including Indiana's, they purport to regulate any proxy advice given to any client about any company regardless of where either the client or the company is located. So, predictably, ISS is challenging Indiana's law on First Amendment grounds – regulation of speech against management is still regulation of speech – and dormant Commerce Clause grounds.

Third, I [previously posted](#) about how the SEC was limiting proxy exempt solicitations, thereby cutting off an important avenue of shareholder communication. Mike and I also [talked about that on a podcast](#).

Well, the Interfaith Center on Corporate Responsibility is fighting back, as well as it can, by offering to [privately host the communications that the SEC has now banned](#). I don't know if this can really replace EDGAR – where institutional investors subscribe for updates – but it's something, anyway.

And another thing. New [Shareholder Primacy podcast](#) is up! Me and Mike Levin talk about how proxy voting works, using Starbucks as an example. [Here at Apple](#); [here at Spotify](#); and [here at YouTube](#).

Posted in [Uncategorized](#)



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Securities

SpaceX Investment Disclosures Fight Scrutinized in Delaware (1)

April 15, 2026, 9:26 AM PDT; Updated: April 15, 2026, 10:37 AM PDT

The Delaware Supreme Court pondered Wednesday how much looking backward was needed to weigh a dispute over disclosures required for a Chinese public company about its investment in SpaceX.

If Delaware's highest court focused on a major investor's failure to navigate the rocket venture's "known preferences regarding advanced notice about disclosures," Justice Abigail M. LeGrow asked during oral arguments, "doesn't that require us to apply a hindsight bias that we don't typically apply in a fiduciary duty of care analysis?"

The litigation, which doesn't directly involve SpaceX, concerns the ouster of a Hong Kong-based subsidiary of China's Leo Group from a consortium formed to buy a piece of the Elon Musk's still privately held company. But CFO Bret Johnsen had made it clear, according to court documents, that SpaceX wasn't happy about being surprised by media coverage of the Leo Group's disclosures and that it would scuttle any deal involving them.

Leo Investments Hong Kong Limited wants the Delaware Supreme Court to overturn a trial court's finding that it was "hardly commendable" but reasonable for Tomales Bay Capital Anduril III and its managing partner, Iqbaljit Kahlon, to remove the subsidiary to preserve long-term relationships with Elon Musk's companies.

Kahlon "knew in real time how to navigate" SpaceX's preferences and failed to do so, said Leo's attorney Charlotte Newell of Sidley Austin LLP. He could've acted differently but chose inaction and made "self-interested lies" to SpaceX about the required disclosures in China.

That "in our view is gross negligence and not a post-hoc hindsight analysis," she said.

Kahlon and the fund object to the Delaware Chancery Court's finding that Kahlon violated his "duty of candor." They've asked the high court to reverse a \$16 million fee award for Leo's attorneys.

'Ill-Advised Benchmark'

If Leo is going to argue that Kahlon caused its ouster, "certainly we're entitled to say, 'No, he's not the cause,' because as the trial court found, it was the media coverage that would've occurred regardless," said George Hicks Jr. of Kirkland & Ellis LLP, representing Kahlon and the fund.

The Chancery Court erred in awarding \$16 million in legal fees to Leo, setting "a new and ill-advised benchmark" for fee shifting that will "incentivize plaintiffs to pursue largely non-meritorious suits in the hopes of leveraging a marginal finding of liability into recovery of all attorneys' fees," he said.

Justice Gary F. Traynor asked Newell whether her argument depends on a conclusion that "if Kahlon had done what you think he should have done, then SpaceX would not have objected to Leo's investment?"

The trial court found Leo "did not prove what would've happened otherwise," Newell said. But the Delaware Supreme Court has in other cases found answering the question of "what would've happened otherwise" was the defendant's burden, and so wasn't something Leo should've faced at trial.

Leo is also represented by Abrams & Bayliss LLP. Kahlon and the fund are also represented by Ross Aronstam & Moritz LLP.

The case is Leo Inv. Hong Kong Ltd. v. Tomales Bay Cap. Anduril III LP, Del., No. 415/428,2025, oral arguments 4/15/26 .

(Adds additional details and quotes from the hearing.)

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Letter to the Editor | **Litigation Funding**

Burford CEO: Investors and Creditors Own the Argentina Claims, Not Burford, and the 2nd Circuit Abdicated Their Rights

“Burford did not buy and does not ‘own’ these claims,” writes Christopher Bogart of the claims in *Petersen Energía Inversora S.A.U. v. Argentine Republic*. “It provided financing, as it does in many complex matters globally, including for bankrupt estates that lack the resources to pursue such claims.”

April 16, 2026 at 06:30 AM By **Christopher Bogart**



Christopher Bogart, CEO of Burford Capital. Courtesy photo

Last week, ALM awarded [Litigator of the Week honors](#) to Bob Giuffra and his team at Sullivan & Cromwell for overturning Judge Loretta Preska’s \$16 billion judgment against Argentina. That is fair recognition. This was one of the largest judgments in U.S. history, the product of a decade of hard-fought litigation involving some of the most accomplished advocates at the bar, including Paul Clement and Mark Hansen (who [won LOTW honors](#) for securing the judgment in 2023).

Unfortunately, that understandable celebration led to distortion, resulting in misstatements about both the implications of the ruling and Burford Capital's role in the litigation. ALM has graciously offered me an opportunity to address some points raised in the Litigator of the Week article, which I do here.

First, to clarify Burford's role: Burford did not buy and does not "own" these claims. It provided financing, as it does in many complex matters globally, including for bankrupt estates that lack the resources to pursue such claims. A competitive process overseen by the Spanish bankruptcy court selected Burford to fund this matter because the estate lacked the resources to pursue an expensive, complex, multi-year case against a sovereign defendant with a long litigation track record. Any proceeds will flow through the estate to its creditors, with Burford receiving compensation for the funding it provided.

Mr. Giuffra has repeatedly compared litigation funding to games of chance. That analogy is flatly wrong. Litigation funding is non-recourse, meaning capital is deployed only in cases that have been rigorously vetted on the merits. It is not a bet on outcomes untethered to substance. Rather, it exists to level the playing field, helping to fulfill the promise of a system in which access to justice does not depend on the financial resources of the litigants. In doing so, it enables claimants, including insolvency estates, to pursue meritorious claims against well-resourced defendants. That function is particularly important in cases like this, where the opposing side can deploy substantial resources and retain firms like Sullivan & Cromwell. It is worth noting that the same firms that criticize litigation funding in one context are perfectly willing to accept it in another, just as Sullivan & Cromwell and virtually all large firms do. Burford's litigation portfolio was \$7.5 billion as of December 31, 2025; it got there by financing hundreds of complex claims for the country's largest law firms and their clients along with fantastic boutiques and great lawyers everywhere.

With that context, consider the decision itself. Even as the Second Circuit ruled for Argentina, it did not dispute the Republic's underlying misconduct. To the contrary, the court acknowledged a "knowing and flagrant violation" of promises made to investors. It emphasized that Argentina had committed to protect minority shareholders in the event of a renationalization in both YPF's bylaws and public filings. Those protections were not incidental. They were central to attracting foreign capital, including more than \$1 billion raised through NYSE-listed ADRs.

Yet, in a divided opinion that seemed unduly affected by the impact of the judgment on the acknowledged wrongdoer, the court effectively told those same investors that their remedy lies not in New York, where the shares traded and the promises were made and relied upon, but in Argentina. That is a striking result. An investor in New York can rely on SEC disclosures, purchase NYSE-listed shares and suffer losses from an admitted, flagrant breach—only to be told that U.S.

courts offer no recourse and they must try their luck in the Argentine courts, in the country responsible for the breach to begin with.

That is not a technical adjustment in doctrine. It is a meaningful retreat from the role U.S. courts, and the Second Circuit in particular, have long played in underpinning the credibility of American capital markets. If foreign issuers can raise capital in New York on the strength of enforceable commitments, but avoid accountability for breaching them, investors and issuers alike must take notice.

The case itself underscores the point. The plaintiffs, Petersen and Eton Park, were by the spring of 2012 the second- and third-largest investors in YPF, respectively, having purchased NYSE-listed securities. Petersen's investment was financed by an international consortium of banks, and Eton Park was a prominent New York-based investment firm. Both relied on the protections Argentina put in place to attract foreign capital. When those protections were breached, they were left holding shares without the benefit of the tender offer that was designed to provide a compensated exit, and suffered significant losses as a result.

Today, the Petersen entities are in Spanish insolvency proceedings, and a recovery will go to the benefit of creditors, primarily financial institutions that have been waiting years for compensation. They are precisely the kinds of investors U.S. markets are meant to attract and protect.

The Second Circuit's decision is not the final word. En banc and Supreme Court review are sure to be sought, and investment treaty arbitration offers a separate path forward. But the issues raised by the ruling are real and consequential and should be very concerning to lawyers and market participants alike. They call into question the reliability of commitments made to investors and the willingness of U.S. courts to enforce them.

That is the story worth telling.

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The Brief - Top News of the Day From Bloomberg Law

Importers Urged to Find Backup to Customs' Tariff Refund Launch

April 16, 2026, 10:28 AM PDT

Customs will start accepting tariff refund requests Monday—but trade attorneys are urging importers to prepare backup options to get their money back.

They're advising clients to act on multiple fronts: Request a refund using the new Customs and Border Protection process, if eligible; lodge a protest through the typical Customs process; and file suit at the US Court of International Trade.

"We are in one of those scenarios where we're at the roulette table, and you've got to put a chip down on all three numbers," said Lenny Feldman, managing partner, operating committee, at Sandler, Travis and Rosenberg.

One potential risk: The Department of Justice has until early June to appeal a trade court order that the government refund importers for what they'd paid under the unlawful levies—about \$166 billion, according to Customs.

The Supreme Court in February struck down President Donald Trump's use of the International Emergency Economic Powers Law, or IEEPA, as justification for many of his tariffs.

Customs will process refund requests through a new digital tool it's launching Monday.

"Certainly it is time to celebrate, but because it's progress, not because it's over," said Ted Murphy, a partner at Sidley Austin.

"It might get you money back," he added, "but I'll stress the 'might,' or it might not get you all your money back."

Refund Priorities

Trade court Judge Richard Eaton ordered the agency to administer refunds using the Customs process known as liquidation.

Customs typically finalizes the amount of tariff owed within 314 days after an item is imported, though it may liquidate entries sooner. The trade court told the agency to liquidate entries, taking out the struck-down tariffs, and re-liquidate those that had already been liquidated.

The agency is starting refunds with the easiest cases. While there are some exceptions, that group includes those that haven't liquidated yet, or were liquidated within the last 80 days.

Importers can file for refunds starting Monday for entries in that "Phase One" group. Customs hasn't announced the details of how others will be handled.

The first step will be for importers to submit a list of the entries they contend are eligible for IEEPA refunds into the agency's new system, known as the Consolidated Administration and Processing of Entries, or CAPE.

If everything checks out, Customs said it will pay the importer back, with interest, after the importer's refund declaration is accepted.

Backup Plans

Attorneys cited numerous refund questions—starting with whether the government will appeal.

The Justice Department's June deadline to appeal the trade court order falls before the 60-to-90 days Customs said it would take to start sending out money. That means an importer could see their refund request accepted, only to have a legal appeal hold up the funds before they get them.

"With this administration, all options are on the table," said Christine Sohar Henter, a partner at Barnes & Thornburg, said in an email.

Attorneys cautioned that waiting for the CAPE process to play out without a backup plan can be risky—particularly for entries that already liquidated.

Take the procedural Customs mechanism known as a protest—a way for importers to challenge a Customs decision post-liquidation. Attorneys have been advising importers to file protests on their IEEPA entries, especially as they near 180 days post-liquidation, at which point the protest period closes and it gets much tougher to argue for a change. Lawyers have worried that if importers don't file a protest on an entry, they could lose out on a refund.

But entries with an outstanding protest aren't eligible for CAPE's first phase of refunds. And it's unclear whether filing a refund request in CAPE stops the clock on liquidation, Feldman said.

As a result, some importers are facing tough choices: Should they count on the CAPE refund to come through and hold off on filing a protest, even if they're waiting for a refund while the 180-day protest deadline nears? Or should they jettison their chances for a CAPE refund during Phase One, and file a protest to make sure they don't lose their refund right?

Attorneys said the answer largely depends on timing. Importers should protest entries nearing the 180-day deadline, even if it kicks the entry out of CAPE's first phase, Murphy said.

Adam Harper, counsel at Bryan Cave Leighton Paisner, said he's advising clients to drop protests once CAPE is operational if the protest was "exclusively to request a refund of IEEPA tariffs" and the entry would otherwise be eligible for Phase One.

Harper said he's also advising clients "to be cautious about trusting or taking for granted that refunds will be received within the 60-90-day window."

Murphy warned, "don't sleep on your legal rights, because you might find out that you've lost your refund."

"We're not going to be surprised by anything" that develops as the refund process unfolds, he added.

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Meta summary judgment motions halted over missing statements

DJ [dailyjournal.com/articles/390875-meta-summary-judgment-motions-halted-over-missing-statements](https://www.dailyjournal.com/articles/390875-meta-summary-judgment-motions-halted-over-missing-statements)

U.S. District Judge Yvonne Gonzalez Rogers refused to hear a motion for summary judgment on the deception claims brought by several state attorneys general against four social media giants because the parties couldn't give her a list of the statements in question.

Just minutes into the hearing, the judge criticized both sides for failing to provide the information she needed to decide on Meta's motion, argued by James P. Rouhandeh of Davis Polk & Wardwell LLP.

"It is not clear to me what statements the AGs are actually moving forward on. It is also not clear to me that Meta ever issued an interrogatory asking them to cite and detail the statements," Gonzalez Rogers said at a hearing in Oakland on Wednesday. Both sides had motions for summary judgment.

It was the second straight day that Meta was in court, after a conference Tuesday with a plaintiff, Breathitt County School District in Kentucky, ahead of the first bellwether trial in the federal multidistrict litigation over adolescent social media addiction. School districts and states have filed claims. Meta and YouTube were found liable in a similar case brought by an individual in state court last month.

Rouhandeh said there was a list of the statements in question somewhere in the docket before California Deputy Attorney General Megan O'Neill stepped in to say that the statements were scattered across several documents. The parties speculated that there were 130 statements in question, every statement mentioned in the complaint and in expert reports is included.

"If they are trying to proceed on over 100, that's equally an issue," Gonzalez Rogers said. *In re: Social Media Adolescent Addiction/Personal Injury Products Liability Litigation*, 4:22-md-03047 (N.D. Cal., filed Oct. 6, 2022).

The plaintiffs -- who claim Meta, TikTok, Snapchat and YouTube are liable for social media addiction due to the design of their platforms and their failure to disclose the risks -- should have provided the list, Gonzalez Rogers said. But Meta should have realized their motion was lacking without it and made an interrogatory, she said.

"That is an overarching problem, both with your motion and with your case," the judge said.

Gonzalez Rogers said that the defendants should have been proactive, "rather than waiting and bringing a motion I can't grant because I don't have any clarity."

"And your shortcuts don't help," the judge added.

But the judge had plenty of criticism for the plaintiffs as well.

She told them to provide a list of all the statements they're moving forward on by Monday.

"I'm not going to waste any more time. This is a problem," Gonzalez Rogers said, before moving on to the remaining claims in the summary judgment motions.

The parties couldn't discuss the next issue on the schedule -- Meta's argument for summary judgment on the grounds that the statements fall outside the statute of limitations -- without a list of the statements in question. Rouhandeh said that the defendants planned to raise the issue at the hearing.

This time, the judge turned her attention to the plaintiffs.

"I am not picking on Meta here -- well, maybe I am. But I'm picking on you too," Gonzalez Rogers said.

Should she not exclude any statements, Gonzalez Rogers said she wanted to know what the plaintiffs were thinking when they moved the case forward with such a broad scope.

"You really want to send 100-plus statements to the jury?" the judge asked.

But the judge said she was leaning toward denying it regardless on the grounds it is a scope issue and not a reason to bar the claims altogether.

The parties could discuss Meta's motion for summary judgment on the plaintiffs' deception claims, Rouhandeh said, because it hinges on the plaintiffs' failure to show that social media addiction is a real phenomenon.

Unlike the school district plaintiffs, the state attorneys general didn't produce expert testimony showing the phenomenon is real despite and it is not mentioned in the fifth edition of the Diagnostic and Statistical Manual of Mental Disorders, Rouhandeh said.

The plaintiffs' expert only mentions that DSM-5 was published in 2013, before social media addiction became prevalent, but fails to mention that a 2022 review of the text didn't consider it to be worth mentioning either, he noted.

Eight states require someone to know a statement is false to be found liable on a deception case, he said, and Meta couldn't have possibly known the statements in question -- which plaintiffs' say downplay the risk of addiction -- were false if social media addiction wasn't a recognized phenomenon.

O'Neill countered that case law supports the notion that statements should be measured on their capacity to deceive.

Gonzalez Rogers pointed out that certain states with a falsity requirement allow for liability on recklessly misleading statements as well. Couldn't the plaintiffs get around the falsity requirement, Gonzalez Rogers asked, by arguing that the statements in question were reckless?

"That would, at best, be a debate," Rouhandeh said.

"Which is why we have trials" Gonzalez Rogers said.

The judge did consider one of Meta's arguments, though. The defendant asked her to prevent the plaintiffs from seeking disgorgement under the Children's Online Privacy Protection Act, which doesn't allow for punitive damages.

While disgorgement can be either an equitable or legal remedy, depending on the context, the plaintiffs' request in this case is punitive in nature, Antonio J. Perez-Marquez of Davis Polk argued. He said that the plaintiffs are seeking to punish the social media companies, not redistribute their wrongful gains to the alleged victims, and the judge seemed to agree.

"You have said and argued repeatedly that this is to deter conduct," Gonzalez Rogers told the plaintiffs.

But Nayha Arora from the California Department of Justice argued that this type of disgorgement can be an equitable remedy in state lawsuits when they can't reasonably redistribute the funds to the alleged victims.

Gonzalez Rogers sounded at least somewhat convinced, posing a hypothetical where a state sues a company to recover wrongful gains, even though it knows it can't track down each victim. In that case, she said, disgorgement would seem to be an equitable remedy.

The case is expected to go to trial late in the summer.

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California Brief

Meta's Defenses Show Cracks Ahead of States' Addiction Trial

April 15, 2026, 5:11 PM PDT

Meta Platforms Inc.'s key legal defenses were under pressure from a California federal judge Wednesday, who is overseeing a case on alleged harms to teen's mental health slated to go to trial this summer.

Judge Yvonne Gonzalez Rogers said Meta appears to "flip-flop" between its defenses under the First Amendment and under Section 230 of the 1996 Communications Decency Act "depending on who they're in front of."

"You make the argument that the platform is just a publisher and it gets Section 230 protection, then you say, oh no, actually these are our statements and therefore we get First Amendment protection," she said. "So which is it?"

The judge had ruled on those two legal defenses at an earlier stage of the case, allowing some but not all of the states' claims to move forward.

Gonzalez Rogers, who sits on the US District Court for the Northern District of California, is now weighing competing summary judgment motions from Meta and the coalition of dozens of state attorneys general, led by California and Colorado, who brought the case.

The AGs allege Instagram and Facebook deceive and harm children and violate the federal Children's Online Privacy Protection Act. Meta has argued that Section 230 blocks the claims because the statute immunizes internet platforms from lawsuits based on content posted by users.

Meta's motion is the company's final chance to defeat or narrow the case before it goes to a trial in August.

The hearing comes on the heels of two landmark jury verdicts last month against Meta finding that it harmed teen users' mental health and failed to prevent sexual exploitation on its platforms. One case was brought by the New Mexico attorney general and tried in Santa Fe, and the other was tried in California state court in Los Angeles and brought by a woman who claimed she was harmed by an addiction to social media.

Although Gonzalez Rogers appeared skeptical of Meta during the hearing, she also expressed frustration with the state AGs, criticizing their lawyers for not litigating the case efficiently. She said the states had failed to clearly identify the 135 deceptive statements made by Meta.

"It makes my job difficult when I don't have a clear record," she said.

Gonzalez Roger in June will oversee the first bellwether trial brought by a school district against Meta, TikTok Inc., Snap Inc., and YouTube LLC over claims the social media companies have caused a student mental health crisis that disrupts learning.

The case is People of the State of California v. Meta Platforms Inc., N.D. Cal., No. 4:23-cv-05448, 4/15/26 .

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Meta tries to defeat AGs' claims ahead of children's addiction trial

 [courthousenews.com/meta-tries-to-defeat-ags-claims-ahead-of-childrens-addiction-trial](https://www.courthousenews.com/meta-tries-to-defeat-ags-claims-ahead-of-childrens-addiction-trial)

Edvard Pettersson

April 16, 2026

Facebook CEO Mark Zuckerberg testifies remotely before the House on Thursday, March 25, 2021. (Image via Courthouse News)

(CN) — Meta Platforms Inc. on Wednesday tried to persuade a federal judge there was no evidence to support the claims by 33 state attorneys general that the owner of Facebook and Instagram has knowingly misled consumers that the social media platforms aren't addictive.

U.S. District Judge Yvonne Gonzalez Rogers in Oakland didn't issue a ruling on Meta's bid for summary judgment that would prevent the social media behemoth from having to go on trial to fight the states' [accusations](#) it designed Instagram and Facebook to make them addictive to children and teens.

However, the judge, a Barack Obama appointee, didn't appear to be persuaded by Meta's attorneys that the states' claims could be resolved as a matter of law and there were no factual disputes that would need to be decided either by her or by a jury at trial.

One of the fundamental problems the judge said she was concerned with is she didn't know what the specific statements are by Meta that the AGs claim were false or misleading. Gonzalez Rogers, who is also overseeing the massive multi-district litigation against several social media companies by individuals, school districts and local governments, noted she hadn't been provided with the roughly 130 purported misrepresentations.

"I want a document that lists all the statements that you're moving forward on," the judge told the lawyers for the various states. "There's no way I can do an analysis of some these issues without actually knowing what it is that you're moving forward on."

Much of the discussion at the three-hour hearing focused on the extent to which the statements made by Meta and its executives, including at congressional hearings and in internal communications, supported the states' accusation Meta sought to mislead consumers about the addictive nature of its products.

James Rouhandeh, one of Meta's lawyers, argued the company was entitled to summary judgment on the states' claims its executives made intentionally or knowingly false statements about whether Facebook and Instagram are addictive because, at least at the time these statements were made several years ago, social media addiction wasn't a recognized medical or psychiatric condition.

Megan O'Neill, an attorney with the California Department of Justice, disputed the extent to which various states' consumer protection laws require a statement to be knowingly false for it to be considered deceptive.

With respect to Colorado's consumer protection law, the judge observed the statute defines a false statement as a statement that has the capacity to deceive even if it does not.

"That doesn't support what your saying," she told Meta's attorney. "A false statement is not necessarily an actual statement that is false or true. The question is whether it has the capacity to deceive — that is what the law says."

The judge agreed to Meta's request to withdraw its demand for a jury trial. However, she said if she were to proceed with a bench trial, she likely would seat an advisory jury to hear the evidence and give its decision.

The trial is scheduled for Aug. 5, after the first [bellwether](#) trial in the multi-district litigation.

Last month, a California state court jury [awarded](#) \$6 million in damages to a woman who took Meta and YouTube trial over claims she became addicted as a child to their social media and streaming platforms.

Jury finds Live Nation, Ticketmaster committed antitrust violations

 [courthousenews.com/jury-finds-live-nation-ticketmaster-committed-antitrust-violations](https://www.courthousenews.com/jury-finds-live-nation-ticketmaster-committed-antitrust-violations)

Erik Uebelacker

April 15, 2026

FILE - The Ticketmaster logo is seen along the sideline of the field before an NFL football game, Sept. 15, 2024, in Jacksonville, Fla. (AP Photo/Phelan M. Ebenhack, File)

MANHATTAN (CN) — A federal jury on Wednesday found Live Nation and Ticketmaster liable for antitrust violations, concluding a sprawling Sherman Act case that took on perhaps the two biggest names in live events.

The vertically integrated companies were accused by 34 states of being “[monopolists](#)” who used dominant market shares in both U.S. amphitheaters and primary ticketing to strong-arm artists and venues into doing business with them. The result, according to the states, was less competition and higher per-ticket prices for fans.

It was a clean sweep for the suing states. After four days of deliberating, the jury of nine New Yorkers reached a unanimous verdict, ruling against Live Nation and Ticketmaster for each of the violations of which they were accused.

The jury agreed that Ticketmaster wielded a monopoly over live event ticketing, causing anticompetitive effects in that market. It also agreed that Live Nation monopolized large amphitheaters throughout the country, and that the company unlawfully tied artists’ use of those venues to the use of its promotional services.

Jurors agreed with the states’ assessment that this behavior caused concertgoers to be overcharged for shows at a rate of \$1.72 per ticket. Live Nation says that figure only applies to tickets sold at 257 venues in certain states over the past five years. As a result, the company expects the single damages figure to be less than \$150 million, but that would be tripled in accordance with the federal antitrust statute.

“It’s a great day for antitrust law, it’s a great day for consumers,” the states’ attorney Jeffrey Kessler of Winston & Strawn said outside of the courthouse on Wednesday. “This case is a tribute to the 34 states and the District of Columbia who carried this case forward. It was my great honor to be working together with them on this.”

The case will now enter a second phase aimed at determining remedies based on the jury's verdict. Kessler declined to comment on what specific remedies the states may seek, but it's possible they could ask Live Nation to divest its assets or seek its split from Ticketmaster.

Such relief would ultimately be decided by a judge, however, not a jury. U.S. District Judge Arun Subramanian, who oversaw the proceedings, said one final goodbye to the jurors on Wednesday after six weeks of service.

"That is a long time to put your lives, your families, your careers on hold," the Joe Biden appointee said. "There's no award or medal for that sacrifice, but there should be."

Live Nation said in a statement that "the jury's verdict is not the last word on this matter," referencing this next phase of the proceedings. The company said it will soon renew its motion for judgment as a matter of law, and noted that it has a pending motion to strike the damages determination.

"Of course, Live Nation can and will appeal any unfavorable rulings on these motions," the company added.

At trial, the states had claimed Live Nation owns, operates or exclusively books 78% of the 87 large amphitheaters in the country — control the company used as leverage over artists who hoped to tour in the outdoor venues.

"The artists who want large amphitheater tours have nowhere else to go," Kessler argued at the trial's [closing](#).

Meanwhile, Live Nation pressured arena owners into using Ticketmaster as its primary ticketer by threatening to withhold profitable Live Nation-promoted concerts from those venues if they chose another option, the states argued. John Abbamondi, the former CEO of Barclays Center in Brooklyn, testified in March that Live Nation [pulled a Billie Eilish show](#), among other concerts, from the arena after he decided to swap from Ticketmaster to SeatGeek.

"We saw a dramatic decline in shows booked at the arena," Abbamondi said.

The states said this supposed retaliatory behavior was part of an anticompetitive scheme that allowed the companies to retain an unlawful monopoly, in which their clients overwhelmingly chose their products out of fear rather than merit.

Live Nation and Ticketmaster rebutted those claims in a weeklong defense case. Jurors saw depositions from several customers — including venue operators and music executives — who lauded the services of both Live Nation and Ticketmaster as the best choices in their respective markets.

Dave Brown, general manager of the American Airlines Center in Dallas, testified that Ticketmaster was an “innovative company.” Brandon Briggs, chief operating officer of the Inter Miami soccer team, commended its infrastructure as “the best technology for us and our organization.”

And Adel Nur, [manager for hip-hop superstar Drake](#), testified the rapper’s nonexclusive partnership with Live Nation was “the single most important relationship in Drake’s career.”

The case was initially brought by the Department of Justice in 2024. But five days into the trial, the department suddenly announced it had [settled with Live Nation and Ticketmaster](#) for a \$280 million deal that ordered several changes to the companies’ business models. As part of the deal, Live Nation consented to opening up some of its amphitheaters to other promoters and agreed not to tie artists’ use of its venues to them using Ticketmaster.

Unsatisfied with the settlement, 34 states, which had initially sued alongside the DOJ, continued the trial on their own.

“In the face of dwindling antitrust enforcement by the Trump Administration, this verdict shows just how far states can go to protect our residents from big corporations that are using their power to illegally raise prices and rip off Americans,” California Attorney General Rob Bonta, part of the coalition, said in a statement Wednesday. “We are incredibly proud of today’s outcome — and especially proud of our coalition made up of red and blue states alike who understood we needed to come together to protect our consumers, businesses, and state economies from Live Nation’s illegal conduct.”

Live Nation said it remains “confident that the ultimate outcome of the States’ case will not be materially different than what is envisioned by the DOJ settlement.”

Live Nation Acted as Illegal Monopoly in Ticketing Market: Jury Verdict

The verdict was a victory for 34 state attorneys general, and the D.C. AG, who took the case to trial after the U.S. Department of Justice settled its claims in March. But Live Nation, which has denied monopolization charges, is saying the jury verdict is not the end of the matter.

April 15, 2026 at 02:24 PM By  **Emily Saul**



Live Nation sign atop its corporate office in Los Angeles. Photo: Eric Broder Van Dyke/Shutterstock.com

Live Nation Entertainment and its subsidiary, Ticketmaster, illegally monopolized ticketing markets, a Manhattan federal jury said in a verdict handed up Wednesday.

The case was originally brought in 2024 by the U.S. Department of Justice and a group of 40 state attorneys general, who together alleged that the company engaged in anticompetitive behavior. The DOJ reached a settlement of its claims in March, but a coalition of 34 state attorneys general, along with the AG for the District of Columbia, proceeded to trial.

The jury of nine also found that Southern California-based Live Nation tied use of concert venues it owns to promotional services, and that practice caused concertgoers to overpay by \$1.72 a ticket. U.S. District Judge Arun Subramanian of the Southern District of New York, who presided over the trial, will now consider that price in determining damages. The states are seeking as much as \$700 million, and may seek additional penalties.

Outside the courthouse, Winston & Strawn partner Jeffrey Kessler, who represented the states in the coalition, lauded the victory.

"It's a great day for antitrust law," he said. "It's a great day for consumers. This case is a tribute to the 34 states and the District of Columbia who carried this case forward and it was my great honor to be working with them together on this."

Live Nation's executive vice president for corporate and regulatory affairs, Dan Wall, said after the verdict that the company was "obviously disappointed" but indicated that he did not consider the jury verdict to have closed the door on the litigation.

"The game is not over by any means," added Wall, who retired from his partnership at Latham & Watkins in 2023.

Live Nation has forcefully denied that it has engaged in monopolistic practices.

New York Attorney General Letitia James, who led the trial coalition, issued a statement calling the verdict a "landmark victory."

"A jury found what we have long known to be true: Live Nation and Ticketmaster are breaking the law and costing consumers millions of dollars in the process," she said. "I am proud to have led a bipartisan coalition of attorneys general in bringing this case and look forward to continuing our work to hold Live Nation and Ticketmaster accountable."

The DOJ's settlement required Ticketmaster to divest itself of up to 13 amphitheaters, cap ticketing service fees, and reserve tickets for nonexclusive venues. The surprise settlement came weeks after Gail Slater stepped down as head of the DOJ's Antitrust Division. Under her leadership, the unit pursued aggressive enforcement against technology companies.

The Manhattan federal jury began its deliberations April 10.

Page printed from: <https://www.law.com/newyorklawjournal/2026/04/15/live-nation-acted-as-illegal-monopoly-in-ticketing-market-jury-verdict/print/>

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California Brief

Live Nation Court Loss Leaves Breakup of Ticketer to Judge (1)

April 16, 2026, 6:37 AM PDT

Live Nation Entertainment Inc.'s loss in a landmark antitrust trial follows years of regulatory scrutiny of its dominance in the live events business and sets the stage for a possible breakup of the largest US concert promoter and ticket seller.

After a six-week trial in Manhattan, which featured testimony from high-profile figures in the music industry and Live Nation Chief Executive Officer **Michael Rapino**, a federal jury on Wednesday ruled the company illegally monopolized the live events industry and overcharged fans for tickets to music performances.

The verdict marked a major win for a coalition of 33 states and Washington DC that pursued the case despite the US Justice Department's decision to pull out after the first week of the trial, with a surprise settlement allowing Live Nation to keep its Ticketmaster unit. But jurors concluded the company illegally monopolized ticketing and tied Live Nation venues to its promotion business, leading concert goers to overpay by \$1.72 per ticket.

New York Attorney General Letitia James, whose office led the case on behalf of the states, praised the verdict. "A jury found what we have long known to be true: Live Nation and Ticketmaster are breaking the law and costing consumers millions of dollars in the process," James said in a statement.

US District Judge **Arun Subramanian**, who oversaw the trial, will consider the jury's findings in calculating how much Live Nation must pay for its illegal conduct and how to remedy the monopoly. The states want as much as \$700 million and may seek additional penalties for violations of state antitrust laws. Some also have said they want Live Nation to sell Ticketmaster.

In an interview with Bloomberg, California Attorney General Rob Bonta said the states will submit their proposed remedy in a few months and a split-up remains on the table.

"The monopoly should be broken up," he said.

'Not Over'

Live Nation said in a statement it will appeal the verdict, and that the maximum amount of damages it should owe would be \$450 million. The company would likely challenge any remedy order by the judge, which could prolong the legal fight for years.

"We're obviously disappointed," Dan Wall, a lawyer for Live Nation, said after the verdict. "The game is not over by any means."

Live Nation shares closed down 6.3%, its biggest decline in more than five months. Shares of rival ticket brokers jumped on the news, with StubHub Holding Inc. climbing 3.5% and Vivid Seats Inc. gained 9.3%.

The jury of seven women and two men deliberated for three and a half days before reaching their verdict, which was influenced in part by some of the many internal documents in which Live Nation described its business strategy, according to the foreperson, who asked not to be named.

Among the emails disclosed during the trial were two ticketing directors who bragged about the high fees the company charges fans at its venues and joked that the company is "robbing them blind."

Read More: Why Live Nation Is Being Blamed for High Ticket Prices

"The tone, the language that they used in their emails were not very professional," said the foreperson. "Having the testimony of the CEO, I think it was very interesting to help us understand the whole context." The foreperson, who had attended a Duran Duran concert at Forest Hills Stadium in Queens and saw Shakira at MetLife Stadium in New Jersey, said the jury also considered the broad consumer impact of high-priced concert tickets.

A second juror, who also asked not to be named, said the panel was aware of the government's earlier settlement in the case but said it didn't affect their deliberations. Rather, the jury carefully reviewed the evidence presented to them during the trial, the juror said.

DOJ Settlement

The case was more than a decade in the making. In 2010, the Justice Department and a group of state attorneys general originally allowed Live Nation, whose concert promotion arm helps artists plan and market tours, to buy Ticketmaster, the largest ticketer. Among the conditions was court supervision and a promise by Live Nation not to force customers of its concert promotion services to use Ticketmaster.

Nine years later, the Justice Department said it had found multiple instances where Live Nation allegedly threatened venue operators who sought to switch ticketers. As part of a settlement, the company agreed to additional oversight over its business.

During the Biden administration, federal and state antitrust enforcers teamed up to investigate Live Nation again over allegations it had threatened venues and used its competing lines of business to disadvantage rivals. The Justice Department and a group of 40 states sued in 2024, teeing up the current case.

Live Nation has long maintained its conduct is lawful, but sought to settle the lawsuit before trial. The company employed several well-connected Republican lawyers and lobbyists to advocate for a settlement. The Justice Department signed a deal with the company to resolve its part of the case on March 5, a Thursday, but didn't inform the court until the following Monday.

That settlement upended the trial as the states scrambled to take over the case. While the state and federal enforcers had worked on the investigation since it began in 2023, the Justice Department handled the bulk of the litigation work, including storing the files, paying for the expert witnesses and contributing more than 30 individuals to the trial team.

With the Justice Department's withdrawal, the states hired the law firm Winston & Strawn and its co-chairman Jeffrey Kessler to lead the rest of the trial. In a separate case, Kessler and his team successfully sued the National Collegiate Athletics Association for antitrust violations on behalf of student-athletes challenging the group's policies barring payments. That case reached all the way to the Supreme Court. More recently, Kessler and his firm reached a settlement with Nascar in an antitrust suit brought by Michael Jordan's racing team.

"It's a great day for antitrust law, a great day for consumers," Kessler said as he left the lower Manhattan courthouse.

Under the Justice Department's settlement, Live Nation will no longer be able to require large amphitheaters and arenas to use it as the exclusive ticketing company. It also agreed to terminate and renegotiate exclusive contracts with 13 venues. In addition, Live Nation said it would develop the technology to allow rival ticketers to integrate with its system, which would allow venues to use multiple ticketing services for a single event.

That settlement still requires court approval. A Watergate-era transparency law requires that antitrust settlements go through a public comment and review process. The Justice Department has yet to submit the court filings to begin that proceeding, which will be overseen by Subramanian.

In a statement after the verdict, **Omeed Assefi**, the Justice Department's acting assistant attorney general for antitrust, called the verdict "a fantastic outcome for the American people."

"DOJ and some states settled their case and got instant relief," he said. "The remaining states received a liability finding and will now move on to the next phase of a remedies trial. Everyone but Live Nation wins with this scenario."

Yet, already some have raised concerns about the Justice Department's settlement. In a letter to the court Wednesday, a group of Democratic senators including Elizabeth Warren of Massachusetts urged close scrutiny of the deal amid reporting that the White House was involved in the negotiations. Others in the industry have raised concerns about the provision that would require them to integrate with Ticketmaster's software to sell tickets for venues.

"This was a massive win for the state AGs and an historic miss for the DOJ," said Roger Alford, a professor at Notre Dame Law School who was the Trump administration's No. 2 antitrust official until he was fired last summer. "The DOJ had the talent, the material, and the audience. It just lacked leadership with the courage to step on stage."

The case is US v. Live Nation Entertainment, 24-cv-03973, US District Court, Southern District of New York (Manhattan).

(Updates with comment from AG Rob Bonta in sixth paragraph.)

--With assistance from Christopher Palmeri and **Josh Sisco**.

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5 Takeaways From the Live Nation Antitrust Trial

 [nytimes.com/2026/04/15/arts/music/live-nation-antitrust-trial-monopoly-takeaways.html](https://www.nytimes.com/2026/04/15/arts/music/live-nation-antitrust-trial-monopoly-takeaways.html)

Ben Sisario

April 15, 2026



After [years of scrutiny and complaints](#), Live Nation, the concert giant that includes Ticketmaster, has been found to be a monopoly.

On Wednesday, a federal jury [delivered a resounding verdict](#) for the dozens of states that continued a case initially brought by the Justice Department. The company had been accused of monopolizing ticketing at large venues and of threatening venue operators, saying they would lose access to Live Nation's popular concert tours if they did not use its ticket vendor.

A judge will now determine damages and remedies in the case, which could involve divestments or a breakup of the company.

Here are five takeaways from the seven-week trial.

How fans are affected may not be known for months or years.

Music fans expecting an immediate change in their wallets may be disappointed.

Although the verdict was a total win for the plaintiffs — 33 states and Washington, D.C. — it represents the first stage of a process that may continue for months, or even years.

In an antitrust case, the judge has the power to impose injunctive relief, meaning any changes to the company's structure or how it operates. That may involve selling off parts of its business, or "behavioral" remedies like an agreement with

the states. The states may reject that approach because Live Nation had been subject to such an agreement since its merger in 2010, and it was [widely criticized as ineffective](#).

It is within Judge Arun Subramanian's purview to order a breakup of Live Nation and Ticketmaster, as the Justice Department had called for in 2024. But such a severe remedy is rare — no major American company has been successfully broken up as a result of antitrust litigation since AT&T more than 40 years ago.

The judge will also determine a monetary penalty for Live Nation, using as a basis the jury's finding that Ticketmaster had overcharged customers by \$1.72 per ticket.

The jury heard from only one artist.

The jury of nine heard from various Live Nation and Ticketmaster executives, along with venue operators and business people from rival concert and ticketing companies. There were five expert witnesses who gave detailed testimony about the economics behind ticketing and concerts, and opined about the presence or absence of anticompetitive behavior. And two fans spoke about the hassles of buying tickets.

But artists were barely represented. The sole performing artist heard by the jury was Ben Lovett, a member of the group Mumford & Sons, who in recent years has also been developing a business in concert venues. Mr. Lovett spoke via a video deposition, saying that Mumford & Sons has toured with a variety of promoters, including Live Nation, and that the company had served it well. (Kid Rock, the rap-rock provocateur who has become an outspoken critic of the industry's status quo, had been on initial witness lists but never testified.)

It was a striking contrast to the Penguin-Random House merger, which drew strong public reactions from authors. In 2022, [Stephen King testified](#) in that trial, becoming the star witness for the case.

There are lingering questions about a settlement.

Last month, just days into testimony, the Justice Department stunned the courtroom by revealing that it had reached a settlement agreement with Live Nation. The federal government exited the case, along with six states that joined its settlement.

Weeks later, a complete picture of how that settlement came to be remains unclear. Trump-aligned political figures like Kellyanne Conway and Mike Davis advocated on behalf of Live Nation in Washington, including at the Justice Department, according to multiple people with knowledge of those talks. According to [some reports](#), the settlement document was signed at the White House.

On Tuesday, six Democratic senators, including Amy Klobuchar and Elizabeth Warren, sent a letter to Judge Subramanian, that said the known facts about the settlement “point to a deal made in response to political pressure rather than the public interest.” They added, “This settlement appears to be part of a larger pattern of Justice Department officials reportedly overruling antitrust enforcers for political reasons.”

Judge Subramanian had already begun laying the groundwork for a review of the settlement under a federal law known as the Tunney Act, under which judges have discretion to review antitrust settlements to ensure they were made in the public interest.

The case uncovered how deals are made — or blocked.

Some of the most revealing details in the trial came from internal documents submitted as evidence that showed Live Nation employees discussing potential deals: artists to recruit, venues to rent, ticketing contracts to sign, leases to renew. At such a giant company, there was a constant flow of decisions.

But Live Nation also blocked plenty of deals. At trial, the company acknowledged a longstanding policy of not booking artists for its amphitheaters unless they used Live Nation as their promoter. “You can only play our amps with us,” Colin Lewis, an executive in its touring division, wrote in one email from 2021.

The extent to which Live Nation held to that policy was sometimes eye-opening. In early 2020, top executives discussed a request from an outside promoter to put on a Radio Disney event at an amphitheater in Irvine, Calif. A touring chief emailed Michael Rapino, the company’s longtime chief executive, to recommend the deal, which he said was “kind of harmless” and could bring in up to \$400,000.

Mr. Rapino replied tersely: “I would not let them into our venues.”

What really happened at Barclays Center?

[One of the trial's most dramatic moments](#) came when the jury heard a recording of a phone call from 2021, when the head of the Barclays Center in Brooklyn told Mr. Rapino it was dropping Ticketmaster for a rival ticketer, SeatGeek. Mr. Rapino let out a profanity and told the Barclays chief, John Abbamondi, that it was "going to be a tough time" to send Live Nation tours to the arena.

Mr. Abbamondi said he viewed that comment as a threat, and believed that Live Nation had followed through on it by diverting shows from Barclays — including a key concert by Billie Eilish in 2022. Mr. Rapino denied it, and said that the New York market had become more competitive with the arrival of the UBS Arena on Long Island.

Further testimony clouded the question of whether Live Nation had truly retaliated, or whether SeatGeek was just not up to the job, particularly when it came to one of the ultimate tests of a ticketing platform: a Bruce Springsteen concert.

Within weeks of SeatGeek taking over, Laurie Jacoby, another Barclays executive, sent a sharp email to the ticketer's chief, "putting you on notice" about various problems with the service that, she said, were so severe that they were leading to other promoters avoiding the venue. She said that SeatGeek had allowed "spec tickets" — scalpers' advertisements for nonexistent tickets — to be listed for an upcoming Springsteen show, which she said had "resulted in Springsteen management potentially pulling the 2023 show."

Emails from Barclays detail a litany of problems with SeatGeek, including long customer waits. Still, on the stand, Ms. Jacoby said that she, like Mr. Abbamondi, believed that Live Nation had retaliated against Barclays and that Live Nation employees had been "stirring the pot" against them when they spoke to artists' teams.

The Springsteen show went on as planned. He is scheduled to return to the venue next month — this time ticketed by Ticketmaster.

Roblox agrees to pay \$10 million, make platform changes in Nevada settlement over child safety

 [reuters.com/legal/government/roblox-agrees-pay-10-million-make-platform-changes-nevada-settlement-over-child-2026-04-15](https://www.reuters.com/legal/government/roblox-agrees-pay-10-million-make-platform-changes-nevada-settlement-over-child-2026-04-15)

Diana Jones

April 15, 2026

A boy poses for a photo while holding a smartphone in front of a screen displaying a character of the U.S. children's video game Roblox, in this illustration taken December 8, 2025. REUTERS/Ramil Sitdikov/Illustration [Purchase Licensing Rights](#)  , [opens new tab](#)

- Roblox reached settlement before litigation was filed
- Site will implement age verification and restrictions on content, chat for minors
- Company is facing more than 140 lawsuits over child exploitation through its site

April 15 (Reuters) - Interactive gaming platform Roblox has reached a settlement with Nevada over claims it failed to protect young users, agreeing to pay \$10 million to the state and make nationwide changes to how it allows children to use its chat and gaming functions, the state's attorney general said on Wednesday. Nevada Attorney General Aaron Ford, a Democrat, said at a press conference that the company reached the settlement after the state approached it in preparation for a lawsuit over claims the platform lacked basic features that could protect children from predators and exploitation.

In a statement, California-based Roblox said the agreement "is a testament to our ongoing mission to set the gold standard for online safety - one informed by our productive discussions with Attorney General Ford and leaders around the world." Ford told reporters he hoped that the settlement "will serve as a bellwether for how online interactive platforms allow our state's youth to use their products." As part of the settlement, which Ford said was memorialized in a court filing on Wednesday, Roblox will pay \$10 million to support children's programs in Nevada over the next three years, and spend another \$2.5 million on an awareness campaign about minor safety online and a staff law enforcement liaison, Ford said. Advertisement · Scroll to continue

It will implement age verification for all users, based on age-estimation technology and government-issued identification, and will monitor account behavior to ensure that users have not lied about their ages, Ford said.

Roblox will also expand parental controls, restrict who users under 16 may chat with and end all encryption on chats for minors, Ford said.

The company said the features changed in the Nevada settlement will apply to the site nationwide by early June.

Roblox [recently made](#) changes to its age verification procedures, implementing facial age checks for chat access and, earlier this week, announcing it was introducing age-based accounts with more restrictions and expanding parental controls. Roblox Kids accounts will be for users between 5 and 8 years old, and Roblox Select accounts will be for users between 9 and 15, both of which come with restrictions on chat and content. Users over 16 will have access to standard accounts, according to the company.

Roblox is facing [more than 140 lawsuits](#) in federal court accusing the company of knowingly facilitating child sexual exploitation. Separately, state attorneys general in [Texas](#), Kentucky, Louisiana, Iowa, Nebraska, Tennessee and Florida have sued the company over similar claims.

The ongoing lawsuits against Roblox, which were filed beginning last year, accuse the company of designing a gaming platform marketed to children that enables predators to target and contact them. The plaintiffs, who are people who say they were sexually abused or exploited as minors by people they met on Roblox, allege the company failed to warn parents of the risk and did not take action to protect its young users.

Roblox has denied wrongdoing in those cases.

Reporting by Diana Novak Jones

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

[Diana Novak Jones](#)

Thomson Reuters

Diana reports on product liability, litigation, mass torts and the plaintiffs' bar. She previously worked at Law360 and the Chicago Sun-Times.

US judge rejects Trump administration bid to block Hawaii climate lawsuit

 [reuters.com/legal/litigation/us-judge-rejects-trump-administration-bid-block-hawaii-climate-lawsuit-2026-04-16](https://www.reuters.com/legal/litigation/us-judge-rejects-trump-administration-bid-block-hawaii-climate-lawsuit-2026-04-16)

Karen Sloan

April 16, 2026

United States Department of Justice logo and U.S. flag are seen in this illustration taken April 23, 2025. REUTERS/Dado Ruvic/Illustration [Purchase Licensing Rights](#)
 [, opens new tab](#)

April 15 (Reuters) - A federal judge on Wednesday dismissed a Trump administration lawsuit seeking to stop Hawaii from suing fossil fuel companies in state court over climate change, citing a "longstanding" policy against federal intervention in state court processes.

The dismissal by U.S. District Judge Helen Gillmor in Honolulu marks the second time in 2026 that federal courts have blocked the U.S. Department of Justice's efforts to head off climate change suits in state courts.

A different federal judge in January [threw out a similar suit](#) that sought to block the state of Michigan from suing major oil companies.

Neither the Justice Department nor the Hawaii Attorney General's office immediately provided comment Wednesday.

The Justice Department sued both Hawaii and Michigan in April of 2025, seeking to stop them from filing planned lawsuits against major oil companies over climate change, cases the administration said would imperil domestic energy production.

A day after that suit was filed, Hawaii sued various fossil fuel companies including BP, Chevron, ExxonMobil and Shell for allegedly selling products the companies knew would warm the planet.

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Gillmor ruled that the Justice Department lacked standing to sue Hawaii because its case was too speculative. The Justice Department's "attempt to predict the outcome of a yet-to-be-filed lawsuit and how it could possibly injure the federal government in the future is not a concrete injury-in-fact," Gillmor wrote in her opinion.

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Karen Sloan reports on law firms, law schools, and the business of law. Reach her

Trump admin can't block Hawaii's climate case, judge rules | Newsletter

 [legalnewsline.com/newsletter/trump-admin-can-t-block-hawaii-s-climate-case-judge-rules/article_cab893c4-8d8a-42a6-afb4-58e983619886.html](https://www.legalnewsline.com/newsletter/trump-admin-can-t-block-hawaii-s-climate-case-judge-rules/article_cab893c4-8d8a-42a6-afb4-58e983619886.html)

John O'Brien, John O'Brien

April 16, 2026

Lopez
<https://dems.ag/>

HONOLULU – A federal judge won't let President Trump use her court to block Hawaii's climate change lawsuit, finding the state can proceed with one of dozens of cases filed against the oil industry.

Those cases await a ruling from the U.S. Supreme Court that will likely decide whether they can proceed. After taking office, Trump sought to stop further litigation against companies like Chevron and Exxon because, as his administration argued to the Supreme Court, they will impact the international energy market.

And regulating issues like emissions, it said, is the job of the federal government. Cities, counties and states that have filed suit are making state-law claims like public nuisance and violations of consumer protection statutes, but several state judges have found the true goal is exerting power over Big Oil's operations.

Hawaii federal judge Helen Gillmor took the stance that the Department of Justice lacked standing to challenge the state's case. The DOJ had argued a complaint would attempt to regulate greenhouse gases and interstate pollution and filed suit last year. Hawaii soon after filed its case in state court.

"The Hawaii state court complaint, however, brings various Hawaii state law tort claims that center on advertising injuries," she wrote. "The allegations in the United States' complaint here did not correctly predict the nature of the state law tort claims alleged against the fossil fuel entities.

"The actual causes of action in the Hawaii state court complaint do not provide any support for this court to find that the United States has standing in this case."

State Attorney General Anne Lopez argued last year that Trump's effort to block her case would give the "United States license to wield federal courts as a weapon against any litigation between nonfederal parties that an incumbent presidential administration dislikes."

Hawaii's is one of two state supreme courts that have denied defendants' motion to dismiss. Colorado's ruling is the one being heard by the U.S. Supreme Court.

Dozens of lawsuits brought by government officials who hired private lawyers on contingency fees have been filed through the years. They allege consumers would not have used as many fossil fuels had the energy industry been more forthcoming about their effect on the climate.

Recently, the Maryland Supreme Court affirmed dismissals of cases by Annapolis and Baltimore, finding they "cannot be seriously contemplated." State judges in Pennsylvania, South Carolina, New York and New Jersey have agreed, and some cases elsewhere are [now on hold](#) while SCOTUS reviews Boulder's lawsuit.

Study: Data centers could raise energy rates, climate damage | Louisiana Record



legalnewsline.com/louisiana-record/study-data-centers-could-raise-energy-rates-climate-damage/article_bff41e08-7ee0-4497-993d-25e50afdc8aa.html

Michael Carroll, Chris Dickerson

April 16, 2026

Paul Arbaje, an energy analyst at UCS, is the author of the new report on Louisiana data centers.

ContactOut

The prospect of Louisiana becoming home to multiple artificial intelligence data centers could increase the state's wholesale electricity costs by up to \$26 billion and lead to health and climate damage amounting to nearly \$90 billion, a new study says.

[The study released this week](#) by the Union of Concerned Scientists (UCS) describes those billions in potential costs related to the construction of AI data centers as likely if state decisionmakers continue on a path of fossil-fuel dependence and failures in protecting residents against rising utility bills.

"A poorly managed data center boom severely jeopardizes Louisiana's affordable, reliable, clean-energy future," Paul Arbaje, report's lead author, [said in a prepared statement](#).

The analysis expects the state to remain dependent on a single fossil fuel – natural gas – through 2041, when natural gas is expected to make up two-thirds of Louisiana's electricity generation. Under current policies, Louisiana would meet the increased electricity demands from data centers – including projects planned by Amazon, Meta and Hut 8 – through gas-fired power, according to the study.

In a statement emailed to the *Louisiana Record*, Louisiana Economic Development (LED) said that while it had not fully reviewed the report, the UCS projections seem significantly inflated and are not in sync with how the data centers are being evaluated..

"Every LED project undergoes detailed economic modeling, along with rigorous environmental permitting, utility planning and regulatory review to ensure it can be supported without impacting the environment, existing customers or the electric grid," the LED statement says. "In addition, data center operators are required to pay for the energy and infrastructure they use – protecting ratepayers and, in some cases, delivering long-term savings."

The data center projects will bring investment and jobs to Louisiana, according to LED, and state officials will work to ensure such development will come to pass *with* Louisiana communities, not *to* them.

The report urges Louisiana decisionmakers to consider powering data centers on a flexible schedule, avoiding high electricity demand times, and to add more renewables into the state's energy-generation mix, such as wind, solar and battery storage.

UCS also criticizes the Louisiana Public Service Commission (LPSC), saying the panel is not equipped to protect ratepayers from higher costs due to demands from future data centers and the volatile nature of fossil-fuel prices.

"Absent action by state policymakers, residents could be responsible for substantial portions of these costs to power data centers," the study's executive summary states.

"Transparency, robust community engagement and a diverse electricity mix will help shield people from toxic, unreliable fossil fuels and soaring energy costs as data centers continue to come to the Bayou State," Arbaje said.

The data centers' power demands could lead to worsening pollution from fossil-fuel burning, leading to increased harm to public health and climate-related damage related to warming temperatures and higher sea levels along the coast, according to the study.

In addition, the new data center projects in Louisiana could account for 87% of the state's growth in electricity demand by 2030, the UCS reports.

"Under such a scenario, those new city-sized demands on the power grid would raise the state's wholesale electricity system costs by an estimated \$26 billion over the next 15 years," the UCS said in a news release.

Louisiana needs to improve its long-term planning for its electricity infrastructure, the report says, and the LPSC needs to make the planning process more transparent while holding utilities accountable. Tech companies should also be required to pay for the capital and operating costs to meet the electricity requirements of the data centers, according to the report.

California sees the most measles cases in 7 years amid a U.S. surge

 [latimes.com/california/story/2026-04-16/california-sees-most-measles-cases-in-7-years-amid-u-s-surge](https://www.latimes.com/california/story/2026-04-16/california-sees-most-measles-cases-in-7-years-amid-u-s-surge)

Rong-Gong Lin II

April 16, 2026



A health worker administers a measles test at a mobile testing site in Texas in 2025.
(Julio Cortez / Associated Press)

California in 2026 has already seen its highest number of annual measles cases in seven years, health officials said, amid an ongoing resurgence of a notoriously infectious disease once considered effectively eliminated in the United States.

The looming new domestic beachhead for the disease comes as vaccination rates [have tumbled nationwide](#) in recent years — in some areas falling well below the herd immunity threshold experts say is necessary to keep it from spreading.

“There are pockets of vulnerability, like in communities, that can really lead to outbreaks going wild,” said Dr. Peter Chin-Hong, a UC San Francisco infectious diseases expert.

So far this year, there have been at least 40 confirmed measles cases in California. That’s well above the 25 recorded in all of 2025, according to Dr. Eric Sergienko, chief of the state Department of Public Health’s communicable disease control division. It’s also already the state’s highest single-year tally since 2019, when there were 73.

The latest measles case was announced Wednesday: an [infant](#) from San Francisco who was too young to be vaccinated and picked up the virus during an international trip. It was San Francisco’s first measles case since 2019. (The infant’s family was all vaccinated.)

[California](#)

[The history of measles: A scourge for centuries](#)

The spread of the highly infectious virus is largely occurring among unvaccinated individuals, particularly children and younger adults, state health data show. Of the first 39 measles cases reported this year in California, 95% were among people who were unvaccinated or had an unknown immunization status, and 85% were in individuals under age 20, Sergienko said in a briefing to health professionals this week.

The measles vaccine — usually referred to as MMR, as it also conveys protection against two other once-common childhood illnesses, mumps and rubella — is considered to be 97% effective at preventing illness after getting the recommended two doses, and 93% effective after a single shot. There is a small chance that vaccinated people can still get measles, though they tend to have milder illness, according to the U.S. Centers for Disease Control and Prevention.

It was only a generation ago, in 2000, when the U.S. declared that ongoing transmission of measles had been eliminated — a public health success credited to a robust immunization effort following the disease's resurgence from 1989 to 1991.

But some experts now fear the U.S. is in danger of allowing the virus to regain a foothold. Nationwide, there have been at least 1,714 confirmed measles cases so far this year, nearing the total of 2,287 reported in all of 2025, [according to the CDC](#).

The number of cases recorded in 2025 was the highest single-year tally since 1991. An overwhelming majority of them, 90%, were linked to an outbreak.



[Science & Medicine](#)

[L.A. child dies from complication of measles infection contracted in infancy](#)

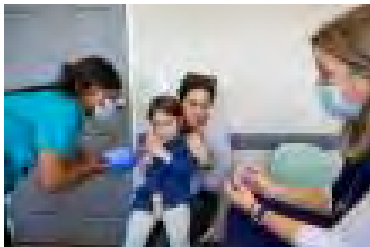
Out of every 10,000 people who get measles, 500 children are statistically likely to get pneumonia, and up to 30 of them could die, Sergienko said.

Three measles deaths were reported [nationally](#) last year — two among unvaccinated school-age children in Texas and one in an unvaccinated adult in New Mexico.

Los Angeles County in September reported the [death of a school-age child from a complication of measles](#). The child had been infected as an infant when they were too young to be vaccinated, and years later developed [subacute sclerosing panencephalitis](#), or SSPE, a [fatal disease](#) that targets the brain.

Children typically receive their first MMR dose when they are 12 to 15 months old and the second when they are 4 to 6 years old, according to the CDC.

Babies age 6 months to 11 months and traveling internationally should get a dose, but should still get the standard two-dose series after their first birthday, the CDC says.



[Science & Medicine](#)

[The U.S. is approaching a dangerous measles precipice, scientists say](#)

There have been three outbreaks fueling the spread of measles in California so far this year: one in Riverside County, involving three people infected in a single family; one in Shasta County, infecting nine people among a church group; and an ongoing outbreak in Sacramento County and neighboring Placer County, Sergienko said.

The outbreak in the Sacramento Valley was first identified in February, when officials reported that an unvaccinated toddler contracted measles after returning from South Carolina — where an outbreak centered in Spartanburg County has

been linked to about 1,000 cases, health officials [said](#). It is considered one of the [largest outbreaks](#) in the U.S. in more than 30 years.

Measles was then found in three siblings from a different household in Placer County who had contact with the traveling toddler.

Then, in early March, another measles case was identified in a child from the same community who attended what authorities described as an educational enrichment program, potentially exposing as many as 130 children to the virus, California health officials [said](#). The organizers of the educational program agreed to close their facility temporarily.



[Science & Medicine](#)

[Doctors warn of a deadly complication from measles outbreaks](#)

L.A. County has reported [four](#) measles cases this year so far — all among those who recently traveled internationally. The most recent case involved someone aboard a Singapore Airlines [flight](#) that landed at Los Angeles International Airport on Feb. 9.

Orange County has reported a measles case in a young adult who potentially exposed people at a gym and urgent care center in [Ladera Ranch](#), as well as a case in a [toddler](#). They also reported two measles cases among travelers to Disneyland, one on [Jan. 22](#) and the other on [Jan. 28](#).

San Bernardino County reported a measles case in an [unvaccinated child](#) traveling from another state. San Diego County said an unvaccinated traveler who lives out of state potentially exposed people while visiting the [emergency room](#) of a local hospital in mid-March.

In the Bay Area, health officials reported a case of measles in a vaccinated [Santa Clara County resident](#) who recently returned from international travel, and potentially exposed people at a restaurant in [Burlingame](#) on Feb. 23 and Feb. 24.



[Science & Medicine](#)

[Immune amnesia: Why even mild measles infections can lead to serious disease later](#)

Measles is one of the most contagious viruses known to humans. It can spread through coughing and sneezing, and remain infectious in the air up to [two hours](#) after an infected person has left a room. If infected, an individual will typically begin to show measles symptoms seven to 21 days after exposure.

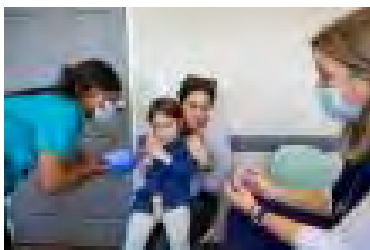
Officials expect the Sacramento Valley measles outbreak to continue for at least the next few weeks.

"With four new cases coming up over the last week, we anticipate that this outbreak will be going on for at least another incubation period, for 21 days or so, as we look at potentially some undocumented transmission occurring within the impacted community," Sergienko said Tuesday.

Nationally, measles vaccination rates among kindergartners have been declining. During the 2019-20 school year, 95.2% of children of kindergarten age were fully vaccinated, but that slipped to 92.5% for the 2024-25 school year — below the herd-immunity target of 95%, according to the [CDC](#).

The measles vaccination rate for California kindergartners was 96.1% in 2024-25, among the highest in the nation. Some of the states that have undergone big breakouts have rates for kindergartners [below](#) the 95% goal — Texas was 93.2%; New Mexico, 94.8%; and South Carolina, 91.2%.

California has sweeping vaccination requirements as a condition of enrollment in public and private schools, as well as daycare centers, with exceptions only for medical reasons. Parents who opt not to vaccinate due to their beliefs can homeschool their children and enroll them in independent study, provided they do not "receive classroom-based instruction."



[California](#)

[California has a strict vaccine mandate. Will it survive the Trump administration?](#)

But, as a Times [article](#) last year noted, California's laws don't define what "classroom-based instruction" means, including whether students need to be vaccinated if they attend some in-person classes or school-sanctioned activities such as field trips, soccer practice or prom. Opponents of school vaccination requirements are also working to pressure states such as California to [weaken them](#).

Anti-vaccine advocates have been emboldened in recent years with the rise of Health and Human Services Secretary Robert F. Kennedy Jr., a longtime vaccine skeptic.

In March 2025, Kennedy [issued a statement](#) that noted vaccines' effectiveness in preventing measles' spread, but stopped short of outright recommending that parents vaccinate their children.

Yet as the year went on, Kennedy and the agencies he leads upended the nation's vaccine delivery system, while publicly sharing misleading and inaccurate information about immunizations.

As recent outbreaks show, measles can spread quickly if it gets into pockets of unimmunized communities, and babies too young to be vaccinated can be at risk for serious illness and death.

One such example was the [Disneyland measles outbreak](#) of December 2014 to April 2015 that resulted in 131 cases among Californians, and spread to people in six other states, as well as Canada and Mexico. Among the measles cases in California, at least 12 of those infected were infants [too young](#) to be vaccinated.

Measles symptoms don't usually start with the telltale rash, Sergienko said. The disease begins with a mild-to-moderate fever, then a cough, runny nose and red, watery eyes. It takes two or three days before tiny white lesions, known as Koplik

spots, appear inside the mouth, and an additional fever may spike, with temperatures that can exceed 104 degrees.

A couple of days later, the red measles rash emerges, starting at the hairline and moving downward, Sergienko said.

Officials urge people who suspect they or their child have measles call their healthcare provider. Healthcare providers are advised to evaluate a suspected measles patient in a way that doesn't expose other patients to the virus.

Health officials urged people to get up to date on the measles vaccine if they haven't done so.

"We all need to work together to share the medical evidence, benefits and safety of vaccines to provide families the information they need to protect children and our communities," Dr. Erica Pan, director of the California Department of Public Health, [said](#).

More to Read

- [Fourth measles case confirmed in L.A. County; person visited LAX, restaurants while infectious](#)
- [San Bernardino County reports first measles case since 2023 as U.S. infections continue to climb](#)
- [Measles cases grow in SoCal; one infected person flew into LAX, spent hours at Disney park](#)

Rong-Gong Lin II is a reporter for the Los Angeles Times based in San Francisco who specializes in covering statewide earthquake safety issues and other natural disasters, public health and extreme weather. The Bay Area native is a graduate of UC Berkeley and started at The Times in 2004.

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RFK Jr. Says Vaccine Might Have Saved Child Who Died of Measles

April 16, 2026, 8:34 AM PDT

Summary by Bloomberg AI

AI Generated



- US Health and Human Services Secretary Robert F. Kennedy Jr. acknowledged that vaccination may have saved the life of a 6-year-old Texas child who died from measles last year.
- Kennedy defended the Trump administration's policies at a hearing on Capitol Hill, where he was questioned about immunizations and the recent record-breaking measles outbreak.
- The hearing also discussed other immunization topics, including Kennedy's changes to the hepatitis B shot for infants and his overhaul of the childhood immunization schedule, which has been challenged in court.

US Health and Human Services Secretary Robert F. Kennedy Jr. acknowledged that vaccination may have saved the 6-year-old Texas child who died from measles last year, even as he defended the Trump administration's controversial policies at a hearing on Capitol Hill Thursday.

Kennedy's questioning before the House Ways and Means Committee forced the nation's top health leader to discuss immunizations, even after the administration issued a directive to avoid talking about the changes that are deeply unpopular with the American public. It's the first in a series of seven annual budget hearings Kennedy faces.

While his remit is touting President Donald Trump's budget priorities – like the creation of the Administration for a Healthy America – his rhetoric on immunization policy in the past year also drew scrutiny. In an exchange with Representative Linda Sánchez, a California Democrat, he acknowledged the possibility that the first US measles death in more than a decade may have been averted by vaccination.

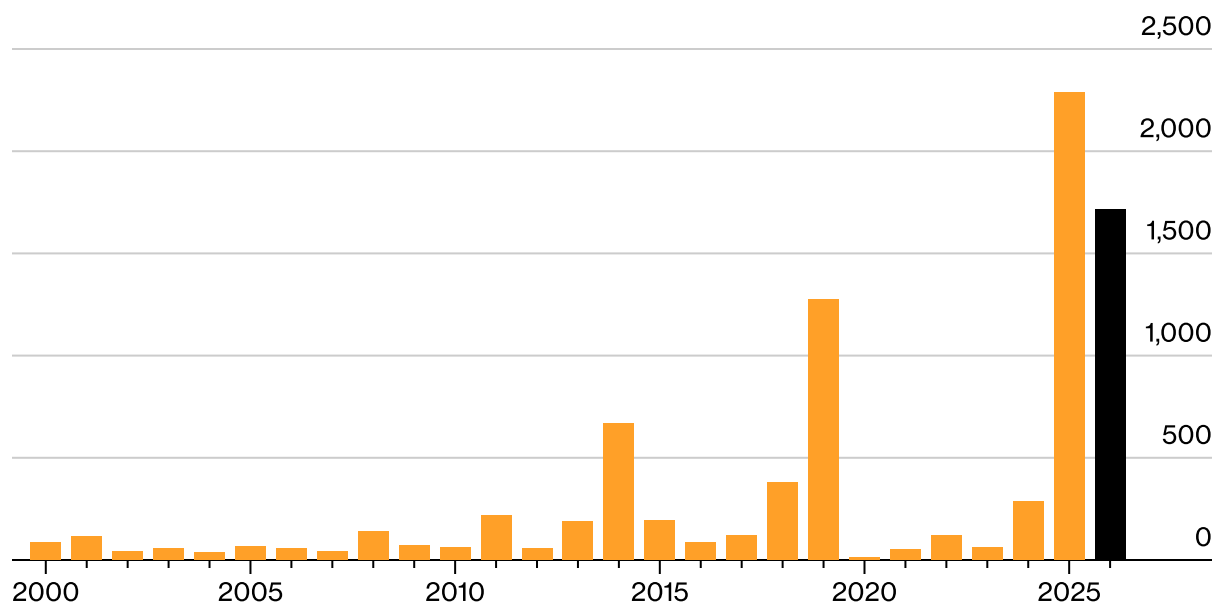
"Do you agree with the majority of doctors that the measles vaccine could have saved that child's life?" Sánchez asked.

"It's possible, certainly," Kennedy responded.

Measles Infections Have Exploded in the US

This year's rate of infection is outpacing last year's

Confirmed measles cases 2026 cases through April 10



Source: Centers for Disease Control and Prevention

Bloomberg

The two also sparred over how the US has fared in addressing the recent record-breaking measles outbreak. Sánchez argued the country has faced a dramatic increase during the second Trump administration, while Kennedy said other countries like Mexico are experiencing more infections.

While questions about immunizations drew the most contentious exchanges during the hearing, they weren't common. The discussion focused mainly on medical fraud and abuse, allowing Kennedy a reprieve from immunization issues that the Trump administration is looking to avoid.

An internal memo from earlier this year directed HHS officials to focus on popular policies ahead of the midterm elections, including drug pricing and promoting healthy eating. Implicit was a directive to avoid what isn't popular: Kennedy's crusade to remake existing vaccine policy. In public appearances since the memo was issued, Kennedy has successfully avoided the subject.

Read More: [RFK Jr.'s Vaccine Silence: Trump Administration Memo Shows Why](#)

In his opening statement, Kennedy stayed on message – listing off his department's actions on health care pricing and food policy, and highlighting funding for rural health programs. He also acknowledged the backlash to his tenure with a quote from his uncle, former President John F. Kennedy, about change having enemies.

"We see those forces clearly – entrenched interests, defenders of a failing status quo, and institutions that put profit ahead of the American people," Kennedy's statement said. "That resistance underscores the urgency of this moment."

Thursday's hearing is Kennedy's first congressional appearance since a Senate [hearing](#) in September that devolved into a heated confrontation over his vaccine policy changes and his firing of the Centers for Disease Control and Prevention director after just 29 days on the job. Since then, he's struggled to find a [new leader](#) for the agency, changed the childhood immunization schedule and had his overhaul efforts paused by the courts.

Still, Kennedy has been working behind the scenes to continue the push. Last week, he [revamped](#) the charter for a key federal immunization committee to sidestep the federal judge's ruling and moved to add non-voting members to the advisory group from organizations that are critical of vaccinations.

Hepatitis B

Other immunization topics also emerged during the hearing. Representative Judy Chu, a California Democrat, called out Kennedy's changes to the hepatitis B shot for infants, which protects from a viral infection that can lead to liver cancer. The health secretary's revamped vaccine committee voted to remove the universal recommendation for newborns in December.

Kennedy defended the move, saying the shot is still covered by insurance and claimed there was no safety study conducted for the shot. The CDC says the hepatitis B vaccine has been extensively studied for safety and no "serious health problems" have been linked.

Kennedy has long railed against immunizations. He previously led Children's Health Defense, a nonprofit group that opposes them, and filed lawsuits – including some that are still pending – against the government for vaccine injuries. In the past year, he purged the advisory committee and reconstituted it with members that included vaccine critics. He then bypassed it to pare down the number of diseases covered by the childhood vaccine schedule.

Both actions were challenged in court by state attorneys general and leading medical organizations. In March, a federal judge ruled that Kennedy's actions were outside of the legal bureaucratic process. The Trump administration has yet to appeal, but is still within its 60-day window to file.

The Trump administration's current budget proposal allocates around \$111 billion in funding to HHS, a \$15.8 billion reduction from the 2026 allocated level. HHS, which is responsible for the Medicare insurance program for the elderly, typically has the largest budget of any federal department. The CDC and NIH would take the brunt of the cuts.

The administration is also trying to revive the Administration for a Healthy America – Kennedy's pet project – by allocating at least \$17.5 billion to the new organization that would focus on chronic disease. Last year's budget included the creation of the so-called "AHA," but it was denied by Congress, as were proposed deep cuts to the National Institutes of Health.

Lawyer's use of AI was 'perilous shortcut' in Walmart case, US judge says

 [reuters.com/legal/legalindustry/lawyers-use-ai-was-perilous-shortcut-walmart-case-us-judge-says-2026-04-15](https://www.reuters.com/legal/legalindustry/lawyers-use-ai-was-perilous-shortcut-walmart-case-us-judge-says-2026-04-15)

Mike Scarcella

April 15, 2026

A message reading "AI artificial intelligence", a keyboard, and robot hands are seen in this illustration taken January 27, 2025. REUTERS/Dado

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WASHINGTON, April 15 (Reuters) - A judge has rebuked an Indiana lawyer for copying and pasting a response from an artificial intelligence program in a federal court filing, finding he ceded his professional judgment to AI in his client's employment lawsuit against retail giant Walmart ([WMT.O](#)) , [opens new tab](#).

"AI is a useful tool, but not a substitute for good lawyering," U.S. Magistrate Judge Tim Baker in Indianapolis said in an [order](#) , [opens new tab](#) Tuesday.

The ruling is the latest example of judges pushing back when lawyers use AI to produce court documents without fully vetting the results. Attorneys have [drawn sanctions](#) and [other warnings from judges](#) for submitting court papers containing AI-generated errors or made-up details known as hallucinations.

Mark Waterfill, the lawyer representing the plaintiff in the Walmart case, declined to comment. Walmart did not immediately respond to a request for comment.

Waterfill's client contends Walmart unfairly retaliated against her after she reported a workplace injury. Walmart has denied the allegations.

At a hearing last week, Waterfill raised objections to responses Walmart had submitted to his client's request for evidence in the case.

Baker at the hearing said it was clear the objections Waterfill presented in a court filing were generated by artificial intelligence, according to the judge's order.

Waterfill, according to the order, admitted he uploaded Walmart's responses into an AI program, asked it to identify deficiencies and then copied and pasted the output into an email to Walmart's lawyer and the court.

The AI program Waterfill used was not identified in court filings or the judge's order.

Baker said Waterfill breached an obligation to "independently consider any discovery deficiencies identified by AI" before using the information to challenge Walmart's responses.

"Plaintiff's counsel has taken a perilous shortcut around his responsibilities as a trained legal professional," Baker wrote.

The case is Cynthia White v. Walmart, U.S. District Court, Southern District of Indiana, No. 1:25-cv-01120-RLY-TAB.

For plaintiff: Mark Waterfill

For defendant: Susan Zoeller and Cheyna Galloway of Ogletree Deakins

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Speed by Itself Is Not Enough: How Gibson Dunn's Trey Cox Thinks AI Is Reshaping Litigation Strategy

"Lawyers still think the main value of AI is speed," Trey Cox, co-chair of Gibson Dunn's global litigation practice. "Speed by itself is not enough. The real value is strategic compression—getting you to the point of decision-making faster."

April 14, 2026 at 06:30 AM By  **Ross Todd**



Trey Cox of Gibson Dunn. Courtesy photo

Artificial intelligence is clearly driving speed and efficiency in certain litigation processes such as document review, building case timelines and mapping relationships between potential witnesses.

But **Trey Cox**, co-chair of the global litigation practice at **Gibson, Dunn & Crutcher**, says the biggest way AI is driving change is how it's forcing litigators to exercise their judgment on compressed timelines—accelerating the drive toward pressure-tested, trial-ready strategies.

“Lawyers still think the main value of AI is speed,” Trey Cox, co-chair of Gibson Dunn’s global litigation practice. “Speed by itself is not enough. The real value is strategic compression—getting you to the point of decision-making faster.”

That idea—compression rather than efficiency—ran through my recent conversation with Cox, as well as [an essay he wrote last year](#) after what he described as a “90-day deep dive” into using AI in his active litigation practice.

“In complex litigation, trial teams can spend days and weeks and months gathering documents, organizing facts, mapping the factual terrain, the legal standards and pressure-testing things,” he said. “Now that we have AI, we can compress those weeks and months into hours and days.” That compression, Cox emphasized, isn’t about locking into a theory earlier—it’s about testing it harder.

“The best trial teams that are out there, they don’t pick a theory on day one and cling to it,” he said. “They take a theory and they test it.”

AI, in his view, is best used not to multiply arguments, but to challenge them. “You should use AI and tell it to test the assumptions, to challenge the facts,” Cox said. “That’s the magic of what AI allows you to do.”

AI and the Limits of Storytelling

Cox is explicit about what AI cannot do—particularly once a case moves into the courtroom.

“AI doesn’t care about the courtroom,” he wrote in his Law.com essay. “It can’t read a jury, negotiate a settlement or build trust with a client.”

That distinction came up when we talked about storytelling at trial. Cox said AI can be useful in refining language and exploring alternative ways to frame a narrative, but it cannot replace the human judgment required to persuade judges or juries.

“I can ask AI ... to refine a version of a narrative that I create,” he said. “But what I don’t do is I don’t just accept that and stand up in court and read the narrative that it puts forward.”

In fact, Cox warned that AI can accelerate missteps just as easily as insights. “Just because we go faster with a bad theory, that just multiplies or amplifies mistakes,” he said.

In his essay, he made the same point more bluntly: “AI is not an ‘answer engine.’ It’s a powerful assistant—but one that requires supervision.”

Junior Lawyers and the Training Question

One of the most persistent concerns about AI in litigation is what it means for junior lawyers—particularly if machines take over work that once taught them the fundamentals of building a case. Cox didn't dismiss that tension. "It is somewhat in conflict," he acknowledged. But he argues the tradeoff can benefit young lawyers if firms are intentional about how AI is used.

"What young litigators want to do," he said, "is increase their time to being able to stand up in front of a judge in court."

AI can help by filtering massive discovery sets and surfacing what matters most. "Once you get to your hot documents, whether it's 500 or 1,000, you have to learn all of those documents," Cox said. "But what you didn't have to do is sift through 10 million documents to get to that point."

The result, he argues, is earlier judgment development—not less of it. One example involved hearing preparation. Cox described creating a prompt to replicate the five-page hearing prep memo he typically has prepared by an associate as he's readying for oral argument. For the past four years, he said he worked with a particular associate—"a top 10 graduate at a top 10 law school"—to produce those memos in the manner he expects.

Cox rattled it off at the top of his head like this: "Here's your opening. Here's your three best points. Here's their three strongest points. Here's their rebuttal. Here are 15 anticipated hot bench questions. Here's your closing. Here's your prayer. Here's your proposed order."

Cox said he asked the associate recently to track his time on memo preparation, and he came in at 4.2 hours. Cox ran the same briefing set through an AI prompt he's developed and had a similar memo in his preferred format in 90 seconds.

The AI version wasn't perfect. "It was marginally better" when done by the associate, Cox acknowledged. But the point wasn't substitution—it was leverage.

"You get the AI CliffsNotes version," Cox said. "Then you sit down with that same associate, you war game exactly how you're going to make this argument."

Cox contends that junior lawyers stand to benefit the most from the shift away from repetitive and mechanical tasks towards assignments focused more on advocacy and judgment. Still, I asked if something is lost if tasks such as the hearing memo are taken out of the hands of associates and left for AI. Cox said that if the associate were being taken completely out of the process, he would worry. But, he added, a lot of associate development happens in what he calls "the interstitial spaces."

"It happens in between," he said. "So, in the drive over to the courthouse, as we're talking one last time about it. Or the drive back from the courthouse: 'Why'd you do this? Why did you say that?'"

What did you think the judge was thinking when she asked X?’ That’s where your same sort of learning and development takes place.”

Cox described similar workflow benefits for depositions. He said when associates have taken depositions, he’s long offered to go through the transcripts and mark up where questions could have been worded more effectively or where they might have missed opportunities for follow up. Now, he said, he has developed a prompt loaded with [his own book](#) about how to conduct efficient depositions that weighs in with the same information and saves him the two hours he used to spend marking up transcripts.

“It gives an additional learning cycle,” Cox said. “We can go through each one of those things, and I can comment specifically.”

“So, it allows them to develop faster and better.”

The Mediation Use Case

Cox said that he and the team have put together a series of prompts for mediation, as well. While he said AI still struggles with drafting briefs—pulling from case law, writing and analyzing—that’s less of a concern in mediation, where the focus tends to be on leverage points between the parties. He’s developed tools that will outline mediation briefs, then—with tweaks—produce a first draft. “It’s not that we’re going to turn that mediation brief in. It’s that it avoids the blank page problem,” he said. “I’m not starting with my keyboard to draft the entire mediation brief.”

He said, thanks to AI prompts, he also goes into the mediations now with a draft of an entire settlement agreement, with the dollars and terms left flexible. “Instead of reaching some sort of temporary or inconclusive settlement agreement that’s going to be challenged or potentially withdrawn from, I’ve locked in the entire settlement agreement so we can walk out of there with a complete settlement agreement signed,” he said.

Again, it’s getting to that decision point quicker.

“It accelerates and allows you to prepare better [and] faster for these events and these episodes that we all face in litigation,” he said.

This is the second installment in a series of stories about how artificial intelligence is shaping the way litigators practice. Do you have use cases or stories to share? Reach out to me at ross.todd@alm.com.



We will be live blogging the court's possible announcement of opinions on Friday, April 17, starting at 9:30 a.m.

CASE PREVIEW

Court to contemplate SEC's use of disgorgement in securities enforcement



By Ronald Mann

on Apr 15, 2026



(Trekandshoot via Shutterstock)

Next week's argument in *Sripetch v SEC* presents yet another chapter in the court's sustained examination of the Securities and Exchange Commission's use of certain remedies in its enforcement of the securities laws. The specific question here is whether the SEC can use "disgorgement" to force a wrongdoer to turn over its profits to the government without showing directly that the wrongdoer's activities harmed its customers.

In this case, Ongkaruck Sripetch pleaded guilty to selling unregistered securities, activity for which he was sentenced to 21 months' imprisonment. In a separate civil enforcement action, the SEC sought to force him to disgorge more than \$6 million in profits from those transactions. Crucially, in affirming that award, the court of appeals declined to consider whether the SEC could prove that Sripetch's activity caused "pecuniary harm" to his customers – something other courts of appeals have required when imposing such a remedy.

Before the justices, Sripetch argues that this case is just like the three similar cases the court has decided in the last 10 years reining in the SEC's broad use of equitable remedies like disgorgement. The most recent one (2020's *Liu v SEC*) rejected the SEC's use of disgorgement because it extended beyond the profits that Liu earned from the illegal activity in that case. Here, Sripetch argues, *Liu*

Skip to content

compels reversal – pointing to repeated statements in *Liu* that the point of disgorgement is to pay “fair compensation to the person wronged” – something that necessarily requires a victim that has suffered pecuniary harm.

For the government’s part, it points out that the relevant statutory term – “disgorgement” – has a long history as a type of restitution that forces the wrongdoer to turn over its “ill-gotten gains.” So long as the SEC proves, as it did here, that Sripetch profited from his illegal activities, and limits the recovery to the profits from that activity, the SEC argues, the remedy falls comfortably within the traditional conception of disgorgement.

An amicus brief from several “remedies and restitution scholars” may aid the government’s case, especially given this includes law professor Douglas Laycock, who is pretty clearly the country’s leading remedies scholar and has been an influential amicus in the past. That brief lays out a straightforward case that disgorgement, as traditionally understood, focuses entirely on the profit of the wrongdoer as opposed to the harm of the victim. So I think the justices motivated by the remedy’s purpose in that regard will be sympathetic to the government.

That said, several of the justices (perhaps most notably Clarence Thomas and Neil Gorsuch) have been deeply skeptical of casual enforcement of equitable remedies in a variety of contexts, and they may be predisposed to a suspicion of the SEC’s continued routine use of disgorgement after the decision in *Liu*. I look forward very much to seeing where they (and everyone else) seem to land at the argument next week.

Posted in [Court News](#), [Merits Cases](#)

Cases: [Sripetch v. Securities and Exchange Commission](#)

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Securities

Atkins Faces Ticking Clock as He Reshapes Rules for Wall Street

April 15, 2026, 7:00 AM PDT

When **Paul Atkins** took the helm of Wall Street's top regulator, he came with a long to-do list: craft rules for the cryptocurrency industry, make initial public offerings "great again" and ease financial reporting for public companies.

A year into the job, there are few check marks next to those big tasks.

That's been a disappointment for some industry players, who cheered when President Donald Trump nominated Atkins to lead the Securities and Exchange Commission. A familiar face in the building, he was known for favoring light-touch regulation as an SEC staffer in the 1990s before becoming a commissioner during pivotal moments like the fallout from the Enron Corp. accounting scandal and the start of the financial crisis.



Paul Atkins, chairman of the US Securities and Exchange Commission

Photographer: Aaron Schwartz/Bloomberg

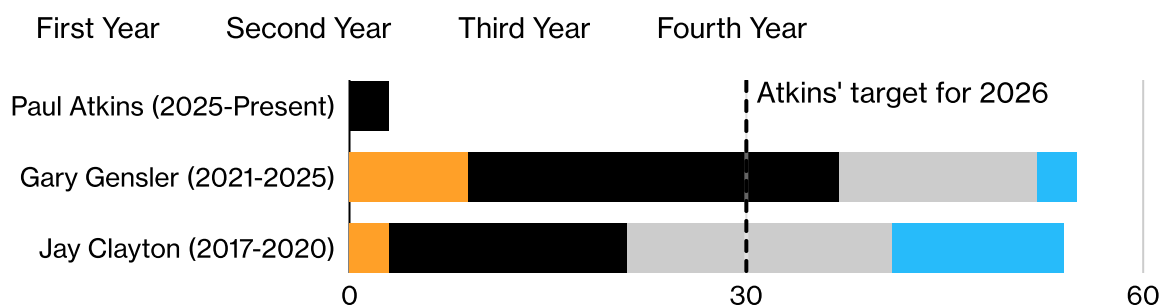
That agency experience and years as a private-sector consultant cast him as an ideal candidate to get a pro-business agenda rolling, knowing rules can take around 18 months to two years to complete due to the necessary votes and public input. But even a Washington insider like Atkins can get off to a slow start.

Three things have held up his agenda: A record-setting government shutdown halted most SEC operations for about six weeks in the fall, the regulator has 18% fewer employees after Trump's push to shrink the federal government and independent agencies now need to seek the White House's approval before proposing major regulations.

Atkins recently said he plans to release about 30 rule proposals this year. More than two-thirds of those will be related to corporate finance, such as scaling back corporate disclosures, according to an SEC official who asked not to be identified discussing non-public deliberations.

New SEC Rules Proposed by Year

Current Chairman Atkins says he'll propose 30 rules in 2026, after none last year



Source: Securities and Exchange Commission, Sifma data

Bloomberg

Atkins must speed up rulemaking this year or risk failing to “future-proof” his plans. That’s the phrase he’s been using to describe formal rules, which are less vulnerable to policy pendulum swings than the informal advisories and guidance the agency has so far been issuing.

“Rulemaking is necessary for so many of these initiatives,” said Anna Pinedo, partner at Mayer Brown. “It’s impossible to get around that.”

The agency is inching forward on some goals, including a proposal to reduce the frequency of financial reporting called for by Trump that Atkins then vowed to fast-track. That measure was recently sent to the White House for review under the new Trump-era process, along with a proposal to modify hedge fund disclosures.

Meanwhile, senior SEC officials have told industry groups in recent months to suggest ways that other policy priorities can be tackled through guidance, no-action letters or other means short of rulemaking, according to two finance industry professionals who requested anonymity to discuss private discussions.

Those types of measures can address pressing matters in the short-term but don’t carry the weight of formal rulemaking. They also can be undone easily in future administrations. Case in point: the SEC reversing Biden-era staff crypto accounting guidance three days after Trump’s inauguration.

Issuing guidance or letters can let the agency act quickly and learn how new ideas work in the market before committing to more permanent rules, the agency official said, adding that if the ideas don’t work they can be more easily scrapped.

In a statement, Atkins said the SEC under his leadership had made great strides.

“We’ve ended regulation by enforcement with a refocus on meaningful investor protection, advanced our agenda to make IPOs great again, taken significant steps to provide clarity for crypto asset markets, and initiated a robust rulemaking agenda for the year ahead,” he said.

Crypto Legislation Stalemate

The biggest priority for Atkins is writing clear rules for the digital asset industry, which he has repeatedly called “job number one” for the agency. But that effort has been partially stymied by a stalled bill in Congress to clarify the SEC’s and the Commodity Futures Trading Commission’s authorities over digital assets.

Atkins and his CFTC counterpart are moving forward for now as lawmakers consider their next steps on the legislation, which is tied up in a fight between banking and crypto groups.

The SEC recently issued commission-level guidance that indicated all but a handful of digital assets fall under the purview of the CFTC. The White House is also reviewing a new crypto rulemaking proposal, that includes providing exemptions from some securities law requirements to digital asset firms.

Atkins’ focus on crypto has also sparked tension with traditional financial firms, who for decades have held sway at the regulator. SIFMA, an investment industry trade group, and Citadel Securities, a market-maker, both raised alarms over Atkins’ ambitions to allow digital asset firms, particularly those that lack centralized corporate controls, to trade “tokenized” or digital versions of securities like stocks or bonds.

The two groups have repeatedly asked the SEC to slow down and issue formal proposals rather than offering green lights via so-called exemptive relief. “This approach would put the Commission on much firmer footing from both a procedural and substantive perspective and ensure that the tens of millions of Americans who rely on the US equity market to secure their retirement futures remain protected,” a senior Citadel Securities executive said in a December letter.

Atkins has said the SEC will release a 400-page digital asset rule proposal in the coming weeks, as well as exemptive relief for digital asset firms.

Gensler Lessons

Some industry groups are cautiously optimistic about the Washington insider’s plans amid the Trump administration’s deregulatory drive.

“He came in with a clear agenda to permanently cut unnecessary red tape, modernize outdated regulations, and strengthen capital markets to drive innovation and economic growth,” **Bryan Corbett**, chief executive officer of the Managed Funds Association, said in a statement. “We look forward to helping him deliver.”

And Atkins has said recently that a slew of agency proposals will be coming out soon in “all sorts” of areas.

“Just hold onto your seats, we have a lot of other things up our sleeves for the rest of the year,” he told reporters at a crypto conference in March.



Paul Atkins, chairman of the US Securities and Exchange Commission, wears a "Make IPOs Great Again" hat on the floor of the New York Stock Exchange

Photographer: Michael Nagle/Bloomberg

But rulemaking is a lengthy process, from behind-the-scenes drafting to weighing the costs and benefits, and fending off potential industry objections and lawsuits. That makes the first and second year critical for setting an agenda and getting plans in place, especially with the potential for political winds to shift as midterm elections loom.

"If we get to the middle of the year and we don't see anything, I'm going to be asking, 'what's going on?'" said George Wilson, director of the Practising Law Institute's program focused on securities regulation.

The dearth of proposals contrasts with his predecessor, Gary Gensler, who rolled out one of the most ambitious – and contentious – agendas in modern SEC history. By this point under Gensler, the agency had already proposed significant rules on issues ranging from hedge fund fees and shorting stocks to greenhouse gas pollution and cyberattacks.

For his part, Atkins has been leery of his predecessor's approach, according to people familiar with his thinking, after Gensler's breakneck rulemaking pace drew criticism and legal challenges. Those lawsuits led to the dismantling of key portions of Gensler's agenda by plaintiffs filing cases in favorable, conservative-leaning courts. A series of US Supreme Court rulings also significantly reined in the amount of discretion afforded to agencies in their rulemaking process. Those same dynamics could come into play for Atkins, as well.

While Atkins has contrasted his policies and methods in opposition to Gensler's, the rollout of dozens of proposals over 2026 could draw some of the same critiques about overlapping comment periods and separate rules that relate to one another – such as efforts to reduce corporate disclosures while also loosening quarterly reporting requirements.

Atkins also doesn't want to stray too far away from core SEC issues – which Gensler was frequently accused of — and has described his job as a regulator as applying the “minimum effective dose of regulation” to the markets.

“He has clearly projected an intention to be careful and deliberate,” said Stephen Cohen, a former SEC staffer who now works at law firm Sidley Austin LLP. “He's not looking to score the max number of points in the first 12 months.”

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Securities

HalkBank-DOJ Deal to End Criminal Case Questioned by Lawmakers

April 16, 2026, 2:00 AM PDT

The Trump administration's decision to drop a long-running US criminal case against a Turkish state-owned bank for allegedly violating US sanctions on Iran is being questioned by Democratic lawmakers.

A group of US senators led by Adam Schiff of California said they're demanding Acting Attorney General **Todd Blanche** explain the March agreement *Turkiye Halk Bankasi AS* reached with the Justice Department. The deal, which is being reviewed by a judge, allows the Turkish state-owned bank to avoid criminal charges and financial penalties.

The senators sent a letter to Blanche on Wednesday asking whether prosecutors were pressured by President Donald Trump or administration officials to drop the case and why Halkbank is paying no penalty or admitting wrongdoing. The bank was charged with money laundering, fraud and conspiracy in an alleged \$20 billion scheme to illegally transfer Iranian oil and gas proceeds through the US financial system. It's former head of international banking was convicted at a trial in 2018.

"The timing of this agreement, coinciding with President Trump's initiation of a war against Iran that he justified in part by citing Iran's history of terrorist attacks against US citizens, makes the Department's decision even more incomprehensible," the senators wrote.

The 2019 case against Halkbank has long been a sore point between the US and Turkey. Turkish President **Recep Tayyip Erdogan** raised the issue with Trump in a White House meeting last September and later said Turkey was expecting the matter to be resolved. In September, the US Supreme Court refused to consider Halkbank's contention that it is protected from prosecution by sovereign immunity.

"The sanctions evasion scheme, involving billions of dollars, was a critical financial lifeline for the Iranian regime during the same years it carried out wide-scale global terrorist activities, which included the kidnapping, torture, and murder of Americans," the senators wrote. They said the deal with Halkbank could undermine sanctions enforcement and deny compensation to victims of terrorism.

The senators asked Blanche to respond to their questions by April 30.

A representative for the Justice Department did not immediately return a request for comment on the probe.

The criminal case is US v Turkiye Halk Bankasi AS, 15-cr-867, US District Court, Southern District of New York.

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News from Bloomberg Terminal
Tax Alpha Needs Some Real Alpha
April 16, 2026, 10:56 AM PDT

By Matt Levine

(Bloomberg Opinion) --

Pre-tax alpha

We talked last month about tax alpha. The basic idea is that it is hard to beat the market by buying the stocks that go up and avoiding the stocks that go down. It is, however, relatively easy to buy *some* stocks that go up and *other* stocks that go down. Owning stocks that go up is good (you have more money), and owning stocks that go down is *also* good: You sell them, realize a tax loss, and use that loss to offset other gains and reduce your taxes.¹

This is pretty straightforward; it is called “tax-loss harvesting” and lots of financial advisers and robo-advisers will do it for you. But some money managers will *scale it up* for you. You can borrow money to buy more stocks, generating both more gains and more tax losses. This increases your market risk – owning \$200 of stocks with leverage is riskier than owning \$100 of stocks without leverage, even after the tax benefits – but you can offset that risk, and generate even more tax benefits, by *shorting* some stocks. Put in \$100, buy \$200 of stocks, short \$100 of stocks: Now you are net long \$100 of stocks. Some of your longs will go up and some of your shorts will go down and you will make money; other longs will go down and shorts will go up and you will generate tax losses.² Overall, if you are long and short reasonably well-constructed diversified baskets of stocks (say, randomly sampling 200 long stocks and 100 short stocks from the index), you should expect to generate roughly the market return on \$100 of stocks, but with some extra tax juice.

Now, there is a long history of hedge funds – “long/short equity funds” – that take \$100, buy \$200 of stocks and short \$100 of other stocks, for a \$100 net long position. These hedge funds traditionally do not care about harvesting tax losses. For one thing, many of their clients are tax-exempt and pay them only for pretax profits; for another thing, they are *trying not to have losses*. The goal of a traditional long/short equity fund manager is to (1) buy \$200 of stocks that go up and (2) short \$100 of stocks that go down. Obviously this is hard – harder than generating the market return – but that’s why hedge fund managers, traditionally, get paid the big bucks. These hedge funds are charging for *alpha*, for market-beating returns.

My point was that beating the market – generating *pre-tax alpha* – is pretty hard, because you have to pick the stocks that will go up, while generating *tax savings* is pretty easy, because any diversified basket of stocks will have winners and losers and you can gross it up mechanically to generate a lot of tax losses while still earning roughly a market return.

And so tax alpha should be a much more mass-market product than pre-tax alpha. Instead of being a rare and mysterious thing that only special geniuses can produce in invitation-only hedge funds that charge high fees, it could be something that any reasonably sophisticated asset manager or robo-adviser could roll out broadly to customers for modest fees. Hedge fund strategies that generate pre-tax alpha plausibly have limited capacity; the strategy of “gross up the market return and harvest tax losses” does not.

When we talked about this last month, I quoted a Bloomberg News story about tax-aware offerings from AQR Capital Management, Two Sigma and other hedge fund managers, which included this paragraph:

“Tax-aware strategies must be built on credible pre-tax alpha and that should be the primary draw for investors,” an AQR spokesperson says in an email. “But delivering strong after-tax outcomes requires more than just time-tested alpha – it demands sophisticated tax-aware resources and infrastructure, which we’ve built into every facet of AQR.”

And I wrote:

I feel like the obvious lesson here is that tax-aware strategies *don’t* have to be built on credible pre-tax alpha? I mean, pre-tax alpha is nice, but getting the broad market index return and not paying taxes on it would be great, probably better than the alpha most hedge funds can achieve, and also probably easier.

I got several emails to the effect of: “Shh, you’re not allowed to say that.”³ The US Internal Revenue Service, and the courts, take a dim view of trades that are done only for tax benefits; you need to have some “economic substance,” some non-tax purpose for your transaction, to get the tax benefits. The exact trade that I have described here – (1) put in \$100, (2) buy \$200 of random stocks targeting the index return, (3) short \$100 of random stocks targeting the (negative) index return, (4) overall earn the index return on \$100 of net stock exposure and (5) harvest tax losses on the \$300 of gross exposure – might be too cute. If you did that, and certainly if you *explicitly advertised that you were doing that*, then the IRS would come after you, your customers would lose the advertised tax benefits, and you would get in trouble.

The takeaway is:

1. The people best positioned to offer tax alpha strategies are people – AQR, Two Sigma, etc. – who already *run hedge funds*, and who have some credible basis for saying “actually we generate pre-tax alpha by going long a bunch of (mostly good) stocks and going short a bunch of other (mostly bad) stocks, though of course sometimes our longs go down and then we harvest the tax losses.”
2. They definitely have to say that. As opposed to just “we grossed up the index return to get tax losses.” “Tax-aware strategies must be built on *credible* pre-tax alpha,” and say so, to placate the IRS.

Anyway here’s a Financial Times article about how these strategies are all the rage:

“It’s the hottest product in Greenwich,” said one person who works on Wall Street of tax-aware funds.

Fathers at a recent local sports game were fixated on AQR’s Delphi Plus fund, which specialises in ordinary income losses, the person added. “Everyone’s piling into them now.”

(The trades that I have schematically described here generate only capital losses, which can mostly only offset capital gains, but “AQR and Quantinno differ from earlier iterations of tax-aware investing strategies by seeking to generate income losses as well as capital ones through the use of swaps and other expenses.”) And:

The tax-aware strategies have helped AQR to add \$47bn since March last year and Quantinno \$39bn since January 2025, according to investment presentations seen by the FT and people familiar with the figures. That compares with growth in the wider hedge fund industry of about \$628bn last year, according to data provider HFR.

Almost a third of AQR’s total assets were held in its tax-aware funds by the end of December.

One way to think about it is that, in a lot of the hedge fund industry (pod shops, etc.), what you are selling is “pure alpha” – outperformance not correlated to market returns – and there is only so much capacity to generate pure alpha. In the tax-aware industry, what you are selling is “credible alpha” – a reasonable amount of alpha, an IRS-placating quantity of alpha – plus the market return, plus tax losses. You can spread some alpha over a lot of money. So, more capacity.

Also:

Some investors and advisers also warned of potential regulatory scrutiny. “The deepest and most fundamental risk is that the IRS catches wind of this,” said one financial adviser.

Shh.

Elsewhere, Victor Haghani and James White at Elm Partners have a paper on “Robbing Peter to Pay Paul: A(nother) Look at Long/short Direct Index Tax-Loss Harvesting.” “Long/short Direct Index Tax-Loss Harvesting” is the schematic trade that I described here, the one you are not supposed to do (or admit to doing), the one where you are long the index return and short the index return, without any stock-picking alpha. They are not particularly bullish on it (because of fees). It’s better, both for your returns and for the IRS, if you try to pick mostly the good stocks.

World Liberty

Back in 2021, I wrote about a Bohemian prince who wanted to renovate his castle. He needed money. Traditionally there are two ways to get people to give you money to renovate your castle:

1. You could give them something valuable in exchange for their money. The castle was stuffed with Old Masters; sell some of those and use the money to gussy up the rest of the castle.
2. They might give you the money freely, out of the goodness of their heart, or to befriend a prince, or to associate themselves with an important cultural institution (the castle). There is a well-established economy of people donating money to cultural institutions, you’ve got a cultural institution, you can solicit donations.

But this was in 2021, a real high point for crypto, and the prince came up with an approach that combined the best of both worlds: He sold nonfungible crypto tokens, digital records on a blockchain recording, essentially, that people bought the tokens. I wrote:

Would you like to chip in a few hundred euros to help a 27-year-old Harvard-educated Bohemian prince restore some of his family's castles? ... Obviously he would keep the castles and paintings; after all he is a prince and you're not. But you would get the warm satisfaction of helping out a prince in his time of relative need.

Is that not an appealing pitch? Well, okay, let's add a sweetener. He will give you a receipt. If you keep a receipts collection, you can put this one in your receipts collection. You can show it off to people. "This receipt represents the time I gave 100 euros to a Bohemian prince to restore one of his castles." Perhaps people will be impressed. Perhaps they will be so impressed that they want to *buy the receipt from you*. Perhaps they will pay you more than you paid. "Oh wow, I wish I had a receipt like that, tell you what I will pay you 200 euros for it." ...

Perhaps a robust market will develop for these receipts. Who knows how much these receipts might be worth in 10 years? ... Early contributors – early investors in the prince-donation-receipts asset class – could become billionaires as their receipts appreciate in value. Honestly you can't afford *not* to chip in some money, to help this prince restore his castles, and get a receipt.

There is something deeply odd about all of this. If you give a company money in exchange for a share of stock, the stock represents not just a historical record of you giving the company money, but also an ongoing economic claim on the company. If you sell the stock to someone else, that person gets the ongoing claim. It makes perfect sense for there to be a robust and volatile secondary market.

Whereas the prince's NFTs represented no ongoing economic claim. You might buy the NFT *from the prince* for the same reason someone might donate money to an art museum: You want to be a patron of the arts, out of some combination of public-spiritedness and social climbing. But someone buying the NFT *from you* isn't helping the prince restore his castle, and he's not getting any ongoing claim on the castle. He is getting purely the historical record of your donation.

In 2021, this was a thing. In hindsight, it feels like maybe people were *confused*. They wanted to give money to the issuers of the NFTs, but they also thought they would get rich off their tokens. The purpose of the NFTs was a bit blurry; why couldn't they be both a cultural donation and an appreciating asset?

Anyway. World Liberty Financial is a crypto project that, possibly among other things, provides a way for people to give money to Donald Trump and get a receipt for it on the blockchain. Why would you want to give Donald Trump money on the blockchain? Reasons! The goodness of your heart! One of the biggest buyers of World Liberty tokens, when they launched in 2024, was Justin Sun, a crypto entrepreneur who at the time was being sued by the US Securities and Exchange Commission for fraud. Now he isn't!

What did Sun get in exchange for buying \$30 million of World Liberty tokens? Well, possibly among other things, he got the tokens. Which are tradable. Except lol they aren't:

World Liberty Financial Inc., a Trump family crypto venture, is facing an investor revolt that includes billionaire backer Justin Sun, who accused the project of secretly building controls that let insiders freeze token holders' funds.

Sun, who poured tens of millions of dollars into World Liberty, called the project "a trap masquerading as a door" in a post on X on Sunday. ...

WLFI token's value has dropped by more than half since a portion of its supply was unlocked for trading last year. It hit an all-time low below \$0.08 over the weekend, according to CoinGecko data.

Again I feel like there was some confusion here.

Exxon

Briefly the way shareholder voting works is:

1. It is absolutely irrational for a normal individual shareholder to pay attention to the governance of a public company, or to vote her shares – to elect directors, approve corporate actions, or vote on shareholder proposals – at the shareholder meeting. Her vote doesn't matter to the result, or to her own wealth.
2. But the company has to decide what to do. How can it make decisions, when the shareholders – its owners – don't pay attention or participate in governance?
3. The answer is that the shareholders have to delegate the decision-making to someone else.
4. Traditionally shareholders delegated decisions to the company's board of directors: The directors are nominally elected and supervised by the shareholders, but in practice they sort of appoint themselves and use their own judgment to run the company. At the shareholder meeting, the board tells the shareholders how to vote, and the shareholders rubber-stamp the board's decisions.
5. A more recent approach is that shareholders delegate power to *big asset managers*: Instead of buying 100 shares of stock in a dozen companies, a retail shareholder will buy shares in a mutual fund or exchange-traded fund, and the fund's manager will vote the shares and try to supervise the board of directors. Sometimes the asset managers will be annoyed with the board, and will vote against its recommendations – or even back proxy fights to replace the board – at the shareholder meeting.
6. There are reasons to think that the asset managers will do a better job of looking out for individual investors than the board will, and there are other reasons to think they will do a worse job.

When I first encountered these issues, in the 2000s, the asset managers were on the upswing: "Of course companies should answer to shareholders," people would say, and by "shareholders" they meant professional asset managers. In recent years, the boards of directors have regained the upper hand, and now it is considered a bit shameful for big fund managers to try to tell companies what to do.

Maybe the starkest example of the resurgence of board power is at Exxon Mobil Corp., which last year implemented a program that allows retail shareholders to delegate their votes to the board. Instead of just throwing away their proxy statements, or trying to figure out how to vote, the shareholders can just check a box saying “whatever the board wants is fine forever,” and the board can vote their shares. This was controversial among the sorts of people who like good corporate governance, because “good corporate governance,” in the standard 2000s sense, *means* making the board answerable to robust shareholder power. But also it’s fine? Like, if you are an individual retail shareholder of Exxon, it’s probably because you trust the management of Exxon more than you trust, like, BlackRock Inc. So you will probably be happy letting the board vote your shares, to counteract the voting power of BlackRock. (And if not, you don’t have to; the program is optional.)

Still, as a matter of tidy-mindedness and comic irony, you might find this program annoying. “Why,” you might ask, “does Exxon offer retail shareholders the option of always voting with the board, and not offer them the option of always voting *against* the board?” Of course there are straightforward answers to that:

- Exxon *wants* you to vote with the board, not against it.
- You probably want to vote with the board, not against it, if you are a retail Exxon shareholder.
- The board has fiduciary duties to shareholders and will probably take mostly reasonable positions, whereas people can submit all sorts of crazy proposals; if you always voted against the board’s recommendation, you’d sometimes vote for crazy stuff.

Still, tidy-mindedness and comic irony are powerful forces. Last week Exxon filed the proxy statement for its 2026 annual shareholder meeting, and it includes this shareholder proposal submitted by the New York City Comptroller’s Office:

Resolved: Shareholders request that the Board of Directors adopt and disclose policies to ensure that Exxon Mobil Corporation’s (‘Exxon’) retail shareholder voting program provides multiple independent options to shareholders so that the retail voting program does not inordinately advantage the Board’s own voting recommendations. The offerings to retail investors may include a range of possible voting options, such as: independent voting options based on standing instructions; a general ‘against management’ policy; and/or customized policies.

I feel like the board would say: No, the *point* is to inordinately advantage our own voting recommendations, because we are fiduciaries for shareholders and our recommendations are good. (It basically does say that: “Changing the Voluntary Retail Voting Program to compel the Board to include language or options in its solicitations that are against the Board’s recommendations, whether directly, through independent voting instructions, or a customized voting policy managed by a proxy advisor, is inconsistent with state law and the Board’s fiduciary duties.”) This is not actually a way to run a company. But as a matter of trolling, you have to respect it.

Elsewhere: “Shareholder proxy proposals have hit a five-year low as environmental and social resolutions experience a prolonged decline amid the US regulator’s efforts to limit investor activism.”

Oh Elon

When you think about it, a lot of Tesla Inc. engineers were sent to work for free at Twitter Inc. when Elon Musk bought it, so in a sense Twitter owes Tesla a favor. Twitter, of course, is now called X, which is part of XAI, which is part of SpaceX, which is targeting a \$2 trillion (?) initial public offering in June (?). So, transitively, SpaceX owes Tesla a favor. Anyway Bloomberg's Dana Hull reports:

Sales of Tesla Inc.'s Cybertruck have been propped up in recent months by Elon Musk's other companies, an unusual arrangement that further indicates the polarizing pickup is failing to appeal to everyday buyers.

SpaceX, the Musk-led rocket and satellite maker, accounted for 1,279 – or more than 18% – of the 7,071 Cybertrucks registered in the US during the fourth quarter, according to registration data that S&P Global Mobility provided to Bloomberg News. The billionaire's other ventures acquired another 60 vehicles during those months. ...

Photos and videos have circulated online showing long rows of idle Cybertrucks on SpaceX property in Texas. The lead engineer for the pickup posted on social media in October that SpaceX was replacing gas-powered support vehicles with trucks. At least some are being used as security vehicles. EV news outlet Electrek reported in December that SpaceX could ultimately buy about 2,000 Cybertrucks.

Also won't they look cool on Mars, when SpaceX colonizes Mars?

At this point, there is not much more to be said in the vein of "boy, Elon Musk shifts resources among his companies without much regard for traditional corporate niceties." But he does!

Albirds Day Two

Sure?

Allbirds Inc.'s surprising pivot from wool sneakers to artificial intelligence infrastructure is looking more like a flash in the pan for the stock than a driver of long-term gains.

Shares of the firm, which said it plans to re-brand itself as NewBird AI, sank as much as 31% on Thursday, a swift but only partial reversal from the knee-jerk reaction a day prior when the stock soared more than 582%. Nearly 300 million shares exchanged hands on Wednesday, several times the daily average of just over 20 million.

"This has the feel of a meme stock, where emotions take over and logic and reason get thrown out the window," said Adam Sarhan, chief executive of 50 Park Investments. "That the market actually rewarded the stock yesterday when it doesn't seem to have any kind of actual AI edge tells me that froth, specifically AI froth, is picking up."

I dunno. At noon today NewBird was trading at about \$11.92 per share, which is still up more than 375% from where it was on Tuesday as a defunct sneaker company. Because yesterday it announced that it got an investor commitment of *five million dollars* ⁴ to build *AI infrastructure*. Sam Altman is out there committing trillions of dollars for data centers, and Allbirds is like “we have \$5 million??” and the stock moons. Sure!

Anyway the main lesson that I drew from this yesterday is that more micro-cap public companies should try this. That is obviously a gloomy lesson, but cynical AI pivots get rewarded and presumably someone is making money off of this. (Probably the investor who committed the \$5 million.) On that note:

Myseum, Inc. (Nasdaq: MYSE) (“Myseum” or the “Company”), a privacy-first social media and technology innovator, [yesterday] announced that it is now operating under the new name Myseum.AI, Inc. effective April 15, 2026. The rebrand illuminates the Company’s core technology platform that will integrate proprietary privacy-first artificial intelligence (AI) into its secure messaging and social media platforms. The Company is developing privacy-first agentic localized AI agents that assist in managing personal media such as photos, videos and messages, while maintaining privacy.

At noon today, Myseum was up 125% over yesterday’s close. Sure!

Things happen

US Probes Suspicious Oil Trades Made Before Trump Pivots. Blue Owl Surges Most Since 2022 Amid Banks’ Private Credit Calm. “Losses from [Goldman’s] US nonlinear gamma rates desk ...were one of several factors that contributed to the division missing analyst expectations by nearly \$1 billion in the first quarter.” Spain’s Repsol wins back control of Venezuelan oil operations. SpaceX Plans Site Visits for Large Investors as Mega-IPO Nears. How Anthropic Learned Mythos Was Too Dangerous for the Wild. Live Nation Illegally Monopolized Concerts and Ticketing, Jury Finds. EU to relax merger rules in bid to create ‘European champions.’ Wall Street Quants See an Edge in Polymarket Earnings Forecasts. Barneys might come back.

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1. It is important to point out, in a footnote, that this does not really *eliminate* taxes. What happens is that your winners go up, you don't sell them and you don't incur taxes; your losers go down, you do sell them and you realize tax losses that you can use to offset other income. (Really other *capital gains* income: In practice this is not so much a way to reduce taxes on your salary as it is a way to reduce taxes on, for instance, a low-basis concentrated stock position that you got from your tech startup, etc. Though see below for possible exceptions.) But eventually, when you sell the winners, you have to pay taxes on them, and because you've already realized all the losses on your losers you will have more taxes to pay. Everything, as an accounting matter, basically washes out. But (1) tax *deferral* is very valuable; paying taxes in 20 years is better than paying the same taxes now, and (2) if you die before you sell the winners, your heirs get a stepped-up basis and no one ever pays the tax.
2. When you sell the losers (or buy back the losing shorts), you have to redeploy money to stay long \$200 / short \$100; due to wash-sale rules you have to redeploy the money into *different* stocks, but there are a lot of stocks out there and they are all driven by similar fundamental factors. I have written that this strategy depends, intellectually, on the notion that "stocks are all kind of the same": If you view the stock market as a bunch of linear combinations of factors, you don't have to get too attached to any particular stocks.
3. In my defense, I know. In a footnote to that paragraph, I wrote: "Though you can read between the lines a bit of 'and that should be the primary draw for investors.' You're not really supposed to do tax trades whose *only* purpose is tax minimization. Perhaps 'credible pre-tax alpha' means something slightly different from 'actual pre-tax alpha.'"
4. Oh, it announced \$50 million, but the actual committed amount was \$5 million; the rest will close later at the investor's option.

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California Brief

Tesla Cybertruck Sales Were Inflated by a SpaceX Buying Spree

April 16, 2026, 3:00 AM PDT

Sales of Tesla Inc.'s Cybertruck have been propped up in recent months by Elon Musk's other companies, an unusual arrangement that further indicates the polarizing pickup is failing to appeal to everyday buyers.

SpaceX, the Musk-led rocket and satellite maker, accounted for 1,279 — or more than 18% — of the 7,071 Cybertrucks registered in the US during the fourth quarter, according to registration data that S&P Global Mobility provided to Bloomberg News. The billionaire's other ventures acquired another 60 vehicles during those months.



Tesla Cybertrucks outside SpaceX facilities in Hawthorne, California.

Photographer: Ethan Swope/Bloomberg

That means almost one in every five Cybertrucks registered during the period were delivered from one part of Musk's sprawling business empire to another. And the purchases, likely exceeding \$100 million in value, have continued into this year.

The figures reinforce the extent to which consumer demand is faltering only two years after Tesla began delivering the electric pickup. Without those sales to other Musk-run companies — which included xAI, Boring Co. and Neuralink, in addition to SpaceX — Cybertruck registrations in the fourth quarter would have fallen 51%.

"Tesla is running out of buyers for the Cybertruck," said Sam Fiorani, vice president of global vehicle forecasting for advisory firm AutoForecast Solutions.

Tesla, Musk, SpaceX, Boring and Neuralink didn't respond to requests for comment. SpaceX acquired xAI in February.



Tesla is under increasing pressure to reverse slumping sales across its lineup as it faces the prospect of a third straight annual decline. Once the undisputed electric vehicle leader, the company was surpassed by China's BYD Co. as the world's top seller of EVs last year.

Investors have largely overlooked Tesla's declining auto sales as Musk reorients the company around futuristic pursuits including robotaxis and humanoid robots. But those products are still a ways off from becoming tangible business lines, and shareholders' patience appears to be wearing thin. Since hitting a record high in mid-December, Tesla's stock has lost a fifth of its value.

High Hopes

The Cybertruck debuted with great fanfare in late 2023, diversifying Tesla's lineup as a rugged bruiser of a vehicle to counter the sleek Model Y SUV and Model 3 sedan that account for the vast majority of the company's auto sales. Tesla was keen to compete in the lucrative US pickup market dominated by Ford Motor Co., General Motors Co. and Stellantis NV.

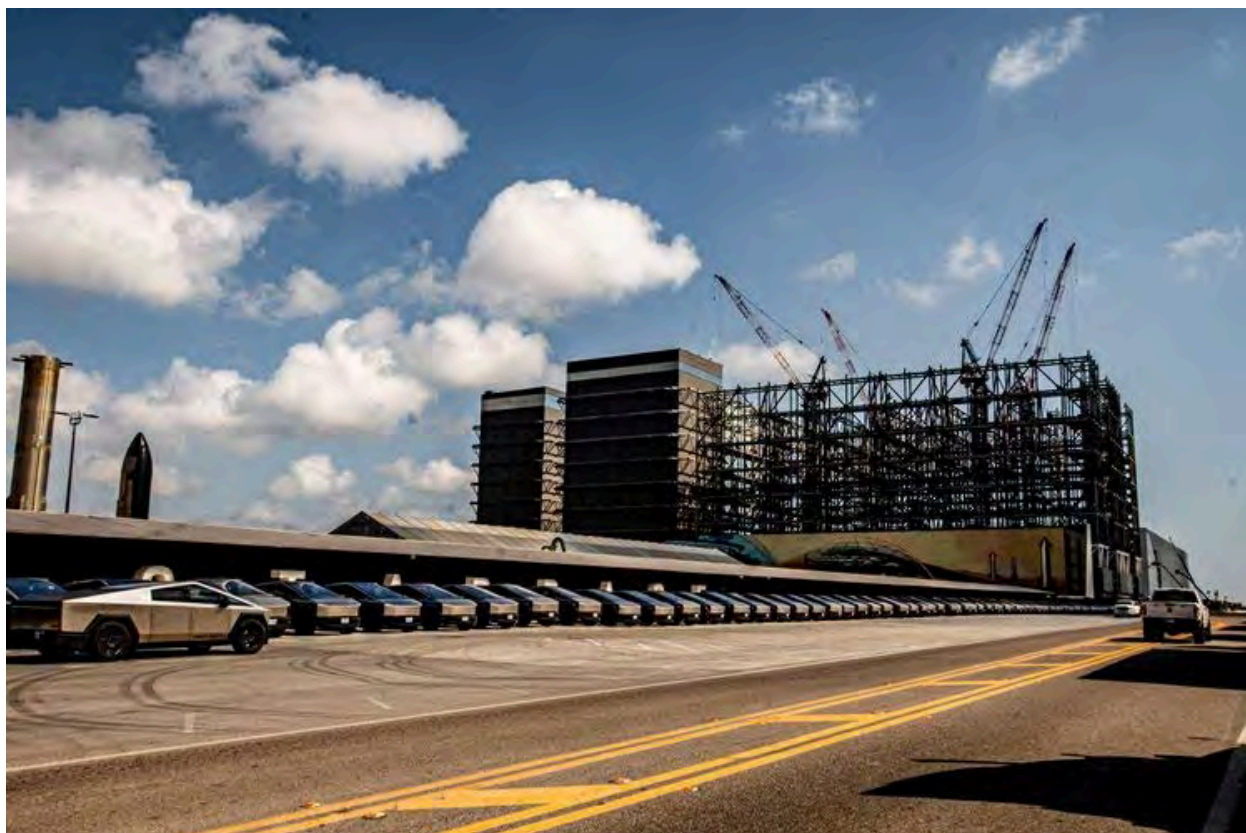
Musk predicted before the launch that the company would be churning out 250,000 Cybertrucks annually by 2025. He's called it the best product Tesla has ever made.

From the outset, however, there were red flags. The Cybertruck's angular design was divisive, and the attention-grabbing vehicle occasionally became the target of ridicule and vandalism when a backlash against Musk swelled last year. The truck was also more expensive than expected, with initial versions fetching more than \$100,000, far more than the under-\$40,000 starting price tag first touted in 2019.

Read More: Musk's Cybertruck Is Already a Production Nightmare for Tesla

The first Cybertruck registrations by SpaceX began in October of last year, according to S&P Global Mobility data. The sales to Musk-run companies have continued into 2026, with another 158 in January and 67 in February.

While the financial terms of the inter-company sales haven't been disclosed, the Cybertruck's current starting price of around \$70,000 suggests that SpaceX, xAI, Boring and Neuralink have paid Tesla more than \$100 million combined for the vehicles.



Tesla Cybertrucks on the SpaceX Starbase South Texas Launch Site in Texas.

Photographer: Laura Brett/AP

It's not entirely clear what Musk's other companies are doing with the Cybertrucks, or why an artificial intelligence and social media company would acquire 50 of them.

Photos and videos have circulated online showing long rows of idle Cybertrucks on SpaceX property in Texas. The lead engineer for the pickup posted on social media in October that SpaceX was replacing gas-powered support vehicles with trucks. At least some are being used as security vehicles. EV news outlet Electrek reported in December that SpaceX could ultimately buy about 2,000 Cybertrucks.

While Tesla has given no indication that it would discontinue the Cybertruck, it's phasing out the slow-selling Model X SUV and Model S sedan, its two oldest vehicles. Musk has indicated the company may look to boost fleet sales to commercial customers in response to questions about Cybertruck's murky prospects.

"There's obviously a market there for cargo delivery," he said in January during a Tesla earnings call.

"There's a lot of cargo that needs to move locally within a city, and an autonomous Cybertruck could be very useful for that."

Pickup Letdown

The sales woes aren't entirely unique to Cybertruck: electric pickups have been a bust within the broadly stalled US EV market.

Ford recently decided to convert its electric F-150 Lightning pickup to an extended-range hybrid vehicle. The Cybertruck was still the top-selling battery-powered truck in the US during the first quarter, despite a 45% drop, according to Cox Automotive data.

Musk's companies have long been intertwined through financial investments, business agreements and sometimes even shared personnel. XAI uses Tesla Megapack batteries and has integrated its Grok chatbot into Tesla vehicles; Las Vegas conference-goers can ride in Teslas through a Boring-built tunnel; Tesla and SpaceX are collaborating on a planned chip production project.

Still, it's unusual for an automaker to unload significant volumes of a single model to an affiliated business with the same CEO. Car manufacturers will sometimes offer new incentives, lower prices or lease vehicles to employees when a model isn't selling well.

"It's a way of keeping the plant running when retail demand does not equal production," said Tom Libby, an automotive analyst at S&P Global Mobility.

--With assistance from Kara Carlson.

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Securities

Manage Newsletters

SpaceX Plans Site Visits for Large Investors as Mega-IPO Nears

April 15, 2026, 1:05 PM PDT

Summary by Bloomberg AI AI Generated



- SpaceX is planning to take potential anchor investors on a tour of its sites in California and Texas to showcase its facilities.
- The company has filed confidentially to go public and is seeking to raise as much as \$75 billion at a valuation of more than \$2 trillion.
- SpaceX is expected to file publicly for the IPO later in May and the IPO is anticipated to price the week of June 15, according to people familiar with the matter.

SpaceX is gearing up to take potential anchor investors in its IPO on a tour of its marquee sites across America, people familiar with the plans said, as billionaire Elon Musk's company targets the biggest ever market debut.

The rocket, satellite and artificial intelligence company is looking to showcase facilities in California and Texas over a few days in visits for investors who could take large stakes in the offering, such as sovereign wealth funds, according to the people.

SpaceX plans to charter a plane out of New York in the coming weeks for investor visits that could include Mississippi – where xAI is building a huge data center [campus](#) – one of the people said.

Read More: [NAACP Launches Clean Air Lawsuit Over xAI 'Colossus' Data Center](#)

The company has filed confidentially to go public and is seeking to raise as much as \$75 billion at a valuation of more than \$2 trillion, Bloomberg News has [reported](#), which would be the largest IPO of all time. A number of advisers on the listing are working around the clock, a different person said, asking not to be identified as the information isn't public.

The process has drawn a media frenzy that some executives aren't thrilled about. Chief Financial Officer **Bret Johnsen** is telling bankers he's unhappy about the leaks of detail on the blockbuster IPO plans, some of the people said. Johnsen has reminded the banks working on the IPO that the information is meant to remain confidential, they said.



SpaceX headquarters in Hawthorne, California.

Photographer: Alisha Jucevic/Bloomberg

In an internal email in December, SpaceX told staff the company is entering a regulatory quiet period, and that employees should refrain from commenting on or discussing the IPO, including topics such as the firm's growth or valuation, in accordance with the US Securities and Exchange Commission rules, people familiar with the matter have [said](#).

The company is scheduled to host an analyst day later in the month, people familiar with the matter have said. SpaceX is expected to file publicly later in May for the IPO before kicking off formal marketing the week of June 8, some of the people said. The IPO is anticipated to price the week of June 15, they said.

Read More: [SpaceX's IPO Pitch Centers on Musk's Ability to 'Sell the Dream'](#)

Details of the site visits and the key dates could change and no final decisions have been made, the people said. Some of the dates were reported earlier by Reuters. A representative for SpaceX didn't immediately respond to a request for comment.

SpaceX has picked Bank of America Corp., Citigroup Inc., Goldman Sachs Group Inc., JPMorgan Chase & Co. and Morgan Stanley for senior roles on the IPO, people familiar with the matter have said, and has added more banks to the lineup.

Barclays Plc is in charge of UK IPO share orders, Deutsche Bank AG and UBS Group AG are working on European orders, the people have said.

Royal Bank of Canada is managing share orders from Canada, Mizuho Financial Group Inc. is working on Asia orders and Macquarie Group Ltd. is focused on Australia, Bloomberg News has reported.

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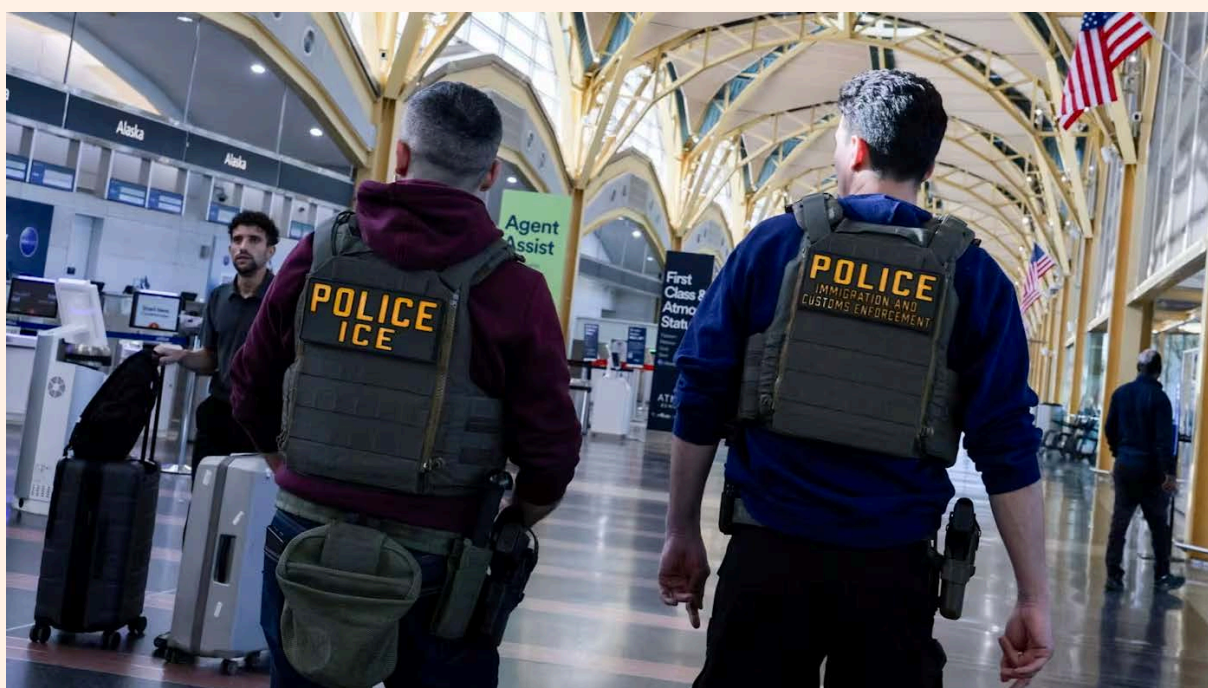
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US politics & policy

Thomson Reuters faces growing pressure over US immigration work

Shareholders challenge work for ICE after ex-employee sues legal database provider



Thomson Reuters gives immigration officials access to its investigative tool Clear, which aggregates data from a wide number of sources, for law enforcement use © Jonathan Ernst/Reuters

Peter Andringa in London

Published YESTERDAY



A former Thomson Reuters employee has sued the company under a whistleblower retaliation law, saying she was illegally fired for raising concerns about how US immigration authorities are using its technology.

The lawsuit came as some shareholders of the legal database provider also raised concerns about the use of its surveillance tools, launching an investor proposal for the company to conduct a human rights assessment.

Taken together, the challenges show the mounting anger faced by companies that provide the US government with surveillance technology in support of aggressive deportation tactics unpopular with American voters.

[Palantir](#), [Capgemini](#) and others have also faced a growing backlash. An [FT investigation](#) in December revealed how Immigration and Customs Enforcement has repurposed technologies previously used for criminal investigations in its immigration enforcement.

[Thomson Reuters](#) sells ICE access to its investigative tool Clear, which aggregates data from a wide number of public and commercial sources, for law enforcement use.

The lawsuit by Billie Little, a former senior editor in its legal commentary division, was filed in federal court in Oregon on Tuesday. It says Little believed Thomson Reuters was sharing data “in ways that violated the law” and may have been “knowingly facilitating or contributing to unlawful conduct” by ICE.

Little organised an internal “committee to restore trust” and wrote an open letter signed by staff from across the company, following the “Operation Metro Surge” in Minneapolis that resulted in the [killings of Renée Good and Alex Pretti](#) by immigration agents.

“Thomson Reuters is always going on about its trust principles,” Little told the FT. “I felt like this whole situation — of our products being used in this way — was creating a breakdown of trust between workers and the company.”

The lawsuit said Thomson Reuters fired Little on March 20 for unspecified code-of-conduct violations once news of the letter began to circulate in the media. Little is seeking reinstatement, lost wages and damages from her former employer.

Thomson Reuters said: “We take employee concerns seriously and provide clear channels for colleagues to raise issues. We strongly dispute the allegations and intend to robustly defend the case.”

The company’s Clear tool contains vast information from utility bills, vehicle registrations and credit reports, among many other datasets. In May 2025, ICE [renewed](#) a \$4.8mn contract with the company for a “law enforcement investigative data subscription” with “licence plate reader data”.

Thomson Reuters' licence plate recognition tool

Screenshots from a Thomson Reuters training video demonstrate Clear's interface to query licence plate reader data

Vehicle owner information is linked to the licence plate

Can search for current or historic locations of a specific vehicle or find all vehicles within a defined area

Results pulled from millions of images taken by commercial vehicles and cameras

Finds all vehicles present within an area for a specific timeframe

FINANCIAL TIMES

Source: [Thomson Reuters](#)

In one recent lawsuit, a federal judge in Maine wrote that ICE agents use a mobile app to scan licence plates and search previous sightings of vehicles from a national network of cameras. In an Oregon case, a judge noted ICE agents were “randomly running the licence plates of vehicles travelling around them . . . to determine if the registered owner was in the United States unlawfully”.

[Many states prohibit](#) the use of vehicle registration data for immigration purposes.

A user agreement for Clear's third-party data, under “vehicle registrations”, says “no data from any jurisdiction may be used for immigration enforcement”. The document also names the “Mobile Companion” app mentioned in the Maine case, which it says is governed by separate terms of service from its provider, Motorola.

“I’m not sure who’s enforcing those safeguards and who’s making sure that the customers comply with them,” said Sarah Lamdan, a privacy law researcher and author of *Data Cartels*.

Thomson Reuters said it has “strong safeguards that ensure our products and services are used in accordance with our contractual terms and applicable law”.

The British Columbia General Employees’ Union, which holds a stake in Thomson Reuters, on Wednesday filed a shareholder resolution expressing its concerns ahead of the company’s annual meeting in June. It asks Thomson Reuters to conduct a human rights evaluation of its products’ use by ICE and law enforcement.

Emma Pullman, the union’s head of shareholder engagement, said the union wants “an independent report that addresses this specific area of the company’s business, which is creating outsized legal, reputational and financial risks and rights violations”.

Thomson Reuters’ board recommended shareholders vote against the proposal, noting the company has previously conducted similar assessments as recently as 2025.

“An additional independent assessment would be duplicative and an inefficient use of shareholder resources,” the company wrote in a filing. “We do not believe that providing investigative solutions to law enforcement agencies . . . is inconsistent with our human rights commitments.”

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Amazon Alexa Users Seek To Revive Class Deception Claims

By **Rachel Riley**

Law360 (April 15, 2026, 6:43 PM EDT) -- A group of Amazon Alexa users has urged a Washington federal judge to reinstate their class consumer protection claims based on allegations the devices secretly recorded their personal conversations, contending the court ignored competing evidence when determining Amazon clearly disclosed the possibility of accidental activations.

Consumers Michael McNealy, Jeffrey Hoyt and Selena Johnson on Tuesday asked U.S. District Judge Robert S. Lasnik to reconsider his recent **summary judgment decision** disposing of their class claims for unfair and deceptive acts under the Washington Consumer Protection Act.

The device users argued the court misapplied legal precedent in reaching the conclusion that Amazon's disclosures accurately represented how Alexa collects and stores recordings, and the possibility of inadvertent "false wakes" of the device.

"The order improperly credited Amazon's generic terms and non-binding FAQs over the Alexa-specific terms of service ... to which plaintiffs were bound upon registration, without acknowledging their contradictions," the Alexa users **said in their motion**.

The Alexa users said the terms they agreed to when registering their devices omitted information about false wakes. They claimed Amazon also failed to adequately disclose the potential for human review of recordings and deceived device registrants by representing that audio captured by Alexa is securely stored.

In the March 31 mixed summary judgment ruling, Judge Lasnik preserved wiretap claims from some individual Alexa users who never registered their devices, while completely disposing of the registered users' class allegations under Washington state's CPA.

Judge Lasnik had reasoned Amazon was transparent in its disclosures to registered users about false wakes, which occur when the device mistakenly identifies another sound as the activation word. Amazon's FAQs acknowledge recordings include a "few seconds of audio before the wake word," the judge had noted.

The court also had found Amazon "clearly and repeatedly disclosed that it retained audio, interactions, and other Alexa data and that it used that data to improve its services."

But in their Tuesday motion, the three registered Alexa users pointed to the Ninth Circuit's 2024 ruling in **Calhoun v. Google** , in which the federal appellate court **revived a class action** brought by Google Chrome users who alleged surreptitious tracking of their browser data. In that case, a three-judge panel found a reasonable person could not be expected to navigate a "labyrinth of legal jargon" in various conflicting disclosures

"As in Calhoun — where Google's general policy conflicted with its Chrome-specific representations — Amazon presented registrants with inconsistent policies regarding false wakes, data retention, and human review," the Alexa users said in their Tuesday motion.

The consumers further argued that the court fully accepted Amazon's arguments about its disclosures and assurances, but disregarded contradictory evidence and expert opinions posited by the plaintiffs. Supporting details and specifics offered by the plaintiffs are mostly redacted from the Tuesday

motion.

Consumers first launched the proposed class action in June 2021, claiming Amazon collected, stored and shared recordings captured by Alexa devices without users having activated the device with a "wake" word.

Judge Lasnik **narrowed the scope** of the suit the following year, tossing wiretapping claims from users who had registered their devices but allowing nonregistered users to proceed with wiretapping claims. The judge also found both sets of users could pursue claims under the Washington Consumer Protection Act.

Last July, the judge **certified a class** of Alexa users who registered their devices but denied class status to nonregistered plaintiffs.

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

The Alexa users are represented by Bradley S. Keller of Byrnes Keller Cromwell LLP, Michael P. Canty, Carol C. Villegas, Guillaume Buell, David Saldamando, Danielle Izzo Mazzeo and Gloria J. Medina of Labaton Keller Sucharow LLP, Paul J. Geller, Stuart A. Davidson, Mark J. Dearman, Nicolle Brito and Alexander C. Cohen of Robbins Geller Rudman & Dowd LLP, L. Timothy Fisher and Alec M. Leslie of Bursor Fisher PA, Brian C. Gudmundson, Michael J. Laird and Caleb L.H. Marker of Zimmerman Reed LLP, and Robert K. Shelquist of Cuneo Gilbert & Laduca LLP.

Amazon is represented by Y. Monica Chan, Jedediah Wakefield, Tyler G. Newby, Garner F. Kropp, Jonathan T. McMichael and Esther D. Galan of Fenwick & West LLP.

The case is Kaeli Garner et al. v. Amazon.com Inc. et al., case number 2:21-cv-00750, in the U.S. District Court for the Western District of Washington.

--Additional reporting by Mike Curley and Allison Grande. Editing by Lakshna Mehta.

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Chamber Backs 9th Circ. Rehearing Of Funko Investor Suit

By **Jessica Corso**

Law360 (April 15, 2026, 7:13 PM EDT) -- The U.S. Chamber of Commerce is backing Funko Inc.'s call for Ninth Circuit to rehear an investor dispute over the toy-maker's write-down of excessive inventory, arguing that the court's decision to revive the lawsuit "degrades a critical firewall against abusive litigation."

The Chamber filed a friend of the court brief Monday in a lawsuit accusing Funko and two former executives of misleading investors about inventory issues it was experiencing ahead of a 2022 write-off that saw its stock price lose half of its value.

A Washington federal judge **dismissed the proposed class action** lawsuit in 2024, but the Ninth Circuit **revived the case** in February, with a three-judge panel reasoning that forward-looking statements about the risk of excessive inventory made it seem as though Funko wasn't currently experiencing that very issue.

But that ruling is incompatible with the Private Securities Litigation Reform Act and butts up against a Sixth Circuit decision from **earlier this year** because risk disclosures are meant to be forward-looking and not to inform investors about past or present risks, the Chamber said.

"En banc review is necessary to correct these errors and align this court's precedent with the text of the statute and the decisions of its sister circuits," it said.

The panel's ruling that company executives may have acted with scienter when discussing inventory issues also "degrades a critical firewall against abusive litigation" by declaring that executives must have known about the inventory issues since they were part of Funko's "core operations," according to the Chamber.

"Because the core operations doctrine cannot be reconciled with the PSLRA's text, other circuits have refused to find scienter based on a 'core operations' inference standing alone," the Chamber said.

It isn't the only business association to back Funko's call for an en banc hearing before the Ninth Circuit.

The Securities Industry and Financial Markets Association is also urging the circuit court to rehear the case. SIFMA argued that the panel ruling could lead publicly-traded companies to over-stuff their financial statements, "dumping on investors an overload of verbiage that impairs decisions based on the identifiable risks."

The investors sued in 2023, accusing Funko, then-CEO Andrew Perlmutter and then-Chief Financial Officer Jennifer Jung of violating federal securities laws by concealing problems the company was having in managing its glut of unsellable toys.

Neither Funko nor attorneys for investors immediately responded to a request for comment Wednesday.

The Chamber is represented by Megan Barbero, Courtney L. Dixon and Kyle H. Keraga of Venable LLP and Janet Galeria and Kevin R. Palmer of the U.S. Chamber Litigation Center.

SIFMA is represented by Sean Haran, Barry Rashkover and Alexander Kahn of Walden Macht Haran & Williams LLP and in-house by Kevin Carroll.

The investors are represented by Andrew S. Love, Hillary B. Stakem, Ting H. Liu and Jessica E. Robertson of Robbins Geller Rudman & Dowd LLP and Gretchen F. Cappio, Matt Melamed and Garrett Heilman of Keller Rohrback LLP.

Funko and the former executives are represented by Kevin M. McDonough, Thomas J. Giblin and Christine C. Smith of Latham & Watkins LLP and David I. Freeburg and Lianna Bash of DLA Piper.

The case is Construction Laborers Pension Trust of Greater St. Louis et al. v. Funko Inc. et al., case number 24-4909, in the U.S. Court of Appeals for the Ninth Circuit.

--Additional reporting by Ben Adlin. Editing by Jay Jackson Jr.

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Chancery Trims Liberty Media SiriusXM Deal Suit

By **Jarek Rutz**

Law360 (April 15, 2026, 8:17 PM EDT) -- The Delaware Chancery Court has partially trimmed a stockholder challenge to Liberty Media Corp.'s restructuring of its Sirius XM Holdings Inc. stake, dismissing claims against a special committee while allowing others to proceed against directors accused of favoring the company's controller.

In a memorandum opinion issued on Monday, Chancellor Kathaleen St. J. McCormick ruled that plaintiffs failed to show that the two-member special committee acted in bad faith during negotiations over the 2024 transaction that created a new, independent SiriusXM entity. She declined to dismiss claims against several other directors, finding that their approval of the deal, combined with alleged ties to Liberty, was enough to keep the case alive at this stage.

"Voting in favor of a transaction unquestionably advances the transaction," Chancellor McCormick's opinion said.

The ruling splits the case into two tracks: one allowing claims to proceed against so-called non-committee directors, and another dismissing claims against the special committee members who were tasked with negotiating the deal.

The lawsuit was brought by stockholders, including Vladimir Fishel and Danish investment funds affiliated with Sampension, who allege that Liberty Media and its leadership, including chairman John C. Malone and CEO Gregory B. Maffei, engineered a transaction that unfairly benefited Liberty at the expense of SiriusXM minority investors.

At issue is a multistep deal completed in 2024 that combined Liberty's tracking stock tied to SiriusXM into a newly formed entity, eliminating what had been a persistent gap between the tracking stock's market price and the underlying asset value. Plaintiffs say that "NAV discount," which at times reached 40%, translated into a multibillion-dollar benefit captured by Liberty, without compensation to minority stockholders.

They also allege that the SiriusXM board and a two-person special committee failed to negotiate meaningful protections, including a majority-of-the-minority vote or additional consideration for investors, while allowing the new company to assume significant liabilities.

In her decision, Chancellor McCormick drew a key distinction between the roles of different directors. Claims against the non-committee defendants, including executives and directors alleged to lack independence, survived because the complaint plausibly alleged they were conflicted and approved the deal.

The court rejected arguments that merely voting for a transaction is not enough to show wrongdoing at this stage, emphasizing that such approval can satisfy the requirement that a director acted to advance a controller's interests.

"All that a claim for breach of fiduciary duty requires is a showing that the conflicted fiduciaries voted in favor of the interested transaction," the opinion states.

By contrast, the court found the allegations against the special committee members fell short. While plaintiffs argued the committee had a "controlled mindset" and failed to negotiate effectively, Chancellor McCormick said the complaint did not describe the kind of extreme breakdown in process needed to infer bad faith.

She pointed to prior cases where committees were effectively dominated by controlling stockholders, noting that those situations involved far more severe conduct, such as refusing to consider alternatives or blindly accepting a controller's terms.

Here, the committee did engage in negotiations, including discussions over deal structure and pricing, and considered, even if it ultimately rejected, certain investor protections.

Ultimately, the court concluded that while the process may have been imperfect, the allegations did not support a reasonable inference that the committee members acted disloyally.

The decision allows the case to move forward against Liberty and several directors, with the central question remaining whether the transaction met Delaware's demanding "entire fairness" standard, a test that examines both price and process in deals involving controlling stockholders.

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

Plaintiff investors Vladimir Fishel, Kapitalforeningen Sampension Invest, Globalt

Aktieindeks Enhanced and Globalt Aktieindeks and Kapitalforeningen Sampension Invest are represented by Daniel E. Meyer, Jeroen van Kwawegen, Thomas G. James, Benjamin M. Potts and Margaret Rockey of Johnson Van Kwawegen LLP and by Lee D. Rudy, J. Daniel Albert,

Lauren C. Lummus and Nakib A. Kabir of Kessler Topaz Meltzer & Check LLP.

Special committee members Eddy W. Hartenstein and James P. Holden are represented by A. Thompson Bayliss, April M. Ferraro and S. Michael Blochberger of Abrams & Bayliss LLP and by Maeve L. O'Connor and Amy C. Zimmerman of Debevoise & Plimpton LLP.

Former and current SiriusXM officials James Meyer, Jennifer Witz, Michael Rapino, David Zaslav, Jonelle Procopé, Kristina Salen and Carl E. Vogel are represented by Raymond J. DiCamillo, Matthew W. Murphy and Daniel E. Kaprow of Richards Layton & Finger PA and by Jonathan K. Youngwood, Janet A. Gochman and Jonathan S. Kaplan of Simpson Thacher & Bartlett LLP.

Liberty Media Corporation and Liberty officials John C. Malone, Gregory B. Maffei, David A. Blau, Robin P. Hickenlooper and Evan Malone are represented by Kevin R. Shannon, Jaclyn C. Levy and Lilianna Anh P. Townsend of Potter Anderson Corroon LLP and by Richard B. Harper, Kristina Wenner, Thomas E. O'Brien and Olivia J. Countryman of Baker Botts LLP.

The case is Vladimir Fishel et al. v. Liberty Media Corp. et al., case number 2024-1057, in the Delaware Chancery Court.

--Editing by Vaqas Asghar.



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Drugmaker Aquestive's Brass Sued Over FDA Setback

By **Sydney Price**

Law360 (April 15, 2026, 9:48 PM EDT) -- Executives and directors of pharmaceutical company Aquestive Therapeutics Inc. were hit with a shareholder's derivative suit Wednesday accusing them of ignoring deficiencies in a research study for Aquestive's allergic reaction treatment, which eventually prompted the U.S. Food and Drug Administration to reject the company's new drug application.

According to the complaint filed by shareholder Andre Wilson in the District of New Jersey, Aquestive did not sufficiently respond to red flags raised in a study of one of its main products, Anaphylm, which is a dissolvable film used to control allergic reactions. As a result, Aquestive's brass allowed the company to release misleading information about the status of Anaphylm's new drug application, which the company later disclosed was deficient.

In addition to nominal defendant Aquestive, the suit's individual defendants include several Aquestive executives and board members, including its CEO Daniel Barber.

The suit says the individual defendants made clear that regulatory approval and the successful commercialization of Anaphylm were "mission critical" for Aquestive, and Anaphylm's development accounted for over 92% of Aquestive's total project costs in 2024 and 2025. The defendants should have known "negative incidents" in the study prior to submitting the application to the FDA raised the likelihood that the agency would reject the attempt, the suit claims.

"These use errors and problems — which could delay the administration of [active ingredient] epinephrine or cause the administration of an inaccurate dose — could cause serious harm," the complaint states.

The truth partially emerged, the suit says, Jan. 9 when Aquestive announced that the FDA's review process remains ongoing due to deficiencies in the new drug application, and it would not meet the original timeline for approval.

Then, on Jan. 30, Aquestive announced that the FDA had issued it a complete response letter formally rejecting the application, which confirmed that the denial was based on the study's shortcomings, the suit states.

The suit further claims that in response to Aquestive's shortcomings, which were authorized by the company's executives and directors, Aquestive "will continue to expend significant costs," including those related to a **securities class action** and a revised study.

"Moreover, Aquestive must now pay millions in interest payments on debt that was to be retired in conjunction with a financing agreement which has been delayed by the FDA's denial of the Anaphylm NDA," the suit states.

Wilson accuses the individual defendants of violating the Exchange Act, breaching their fiduciary duties and being unjustly enriched.

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

Wilson is represented by David J. Gallacher and Jan Meyer of Law Offices of Jan Meyer & Associates PC, and Stanley D. Bernstein and Timothy J. MacFall of Bernstein Liebhard LLP.

Counsel information for Aquestive and the individual defendants was not immediately available

Wednesday.

The case is Andre Wilson v. Gregory B. Brown M.D. et al., case number 3:26-cv-03982, in the U.S. District Court for the District of New Jersey.

--Editing by Kristen Becker.

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Energy Tech Co., Execs Sued Over \$2.4B AI Power Deal

By **Katryna Perera**

Law360 (April 15, 2026, 11:35 PM EDT) -- Energy technology company Babcock & Wilcox Enterprises Inc. and its top brass face an investor suit alleging they made misstatements about an agreement to deliver power to an artificial intelligence data center project and failed to disclose that B&W's largest shareholder was on both sides of the deal.

Shareholder Caleb Cho filed a **complaint** on Tuesday in Ohio federal court against B&W; its CEO, Kenneth Young; and its chief financial officer, Cameron Frymyer. The suit is on behalf of a proposed class of individuals and entities that purchased or acquired B&W securities between Nov. 5 and March 11.

According to the complaint, B&W and its subsidiaries provide energy and emissions control solutions to industrial, electricity utility, municipal and other customers across North America, the United Kingdom, Indonesia and the Philippines.

Cho said that on Nov. 4, the company announced that it had entered into an agreement, valued at over \$1.5 billion, to deliver power to an AI factory owned and operated by Applied Digital Corp. In a press release the same day that announced B&W's quarterly financial results, Young touted what he said was the "profound" impact the agreement, known as the Power Generation LNTP, would have on the company, the suit said.

Young "claimed that the eventual contract pursuant to the Power Generation LNTP 'would serve as upside' to the company's projected financial performance in the fiscal year 2026," the complaint added.

That same day, the complaint said, B&W entered into a sales agreement with its largest shareholder, BRC Group Holdings Inc., and another entity, Lake Street Capital Markets LLC, for up to \$200 million of B&W common stock in exchange for additional capital following the announcement of the Power Generation LNTP.

A few days later, B&W announced that it had raised \$67.5 million through the offering with BRC and Lake Street, "including approximately \$50 million from a single fundamental global institutional investor," according to the complaint.

After this news, Cho said, the market "responded favorably" in the following months, with B&W's stock price rising nearly 200% from \$3.74 on Nov. 4 to \$11.15 on Feb. 3. He added that BRC, in turn, "acted quickly" to take advantage of the new price, disclosing in February that it had sold all of its B&W shares, valued at about \$10.4 million, at a premium to the Nov. 4 share price.

On March 4, B&W announced that it had received notice to proceed on a \$2.4 billion design-build agreement, known as the Power Generation Contract, with Base Electron, an independent power producer backed by Applied Digital, to deliver 1.2 gigawatts of "new generation capacity," according to the complaint.

The market again responded favorably to this news, Cho said, with B&W's stock price rising by 45% to close at \$11.80 on March 4.

But Cho added that while the defendants touted the value to the contract as evidence that demand

for B&W's products and services was strong and its backlog was "robust," they failed to disclose that if Base Electron defaulted on its obligations under the contract, Applied Digital could "unilaterally terminate its guarantee of Base Electron's obligations under the agreement for as little as \$50 million."

Throughout the proposed class period, Cho alleged, the defendants also failed to disclose that BRC "stood on both sides" of the Power Generation Contract, that Applied Digital did not need the products and services B&W planned to supply under both the Power Generation LNTP and the contract, and that, as a result, B&W's business and financial prospects were overstated.

Cho said the truth began to emerge on March 12, when activist short seller Wolfpack Research published a report claiming that B&W had failed to disclose the "close" relationship between BRC and Base Electron.

"Base Electron's directors included BRC co-CEO and chairman, and Base Electron's registered address matched that of BRC's headquarters, not Applied Digital's," the complaint said. "Moreover, Wolfpack alleged that Applied Digital did not need the products and services that B&W would purportedly provide pursuant to the Power Generation Contract, and that 'the ultimate purpose of this deal may be to provide exit liquidity for [BRC].'"

The complaint added: "Taken together, the Wolfpack report's contentions called into question whether B&W was likely to recognize revenues from the Power Generation Contract."

On this news, Cho said, B&W's stock fell by over 11% to close at \$13.05 a share on March 12.

The suit seeks damages, attorney fees and a jury trial.

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

Cho is represented by Robert J. Wagoner of Dittmer Wagoner & Steele LLC and Jeremy A. Lieberman and J. Alexander Hood II of Pomerantz LLP.

Counsel information for the defendants was not immediately available.

The case is Cho v. Babcock & Wilcox Enterprises Inc. et al., case number 5:26-cv-00886, in the U.S. District Court for the Northern District of Ohio.

--Editing by Nick Siwek.



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Cvent Investors Reach \$12M Deal To End Take-Private Suit

By **Katryna Perera**

Law360 (April 15, 2026, 7:18 PM EDT) -- Stockholders of cloud-based event management technology provider Cvent Holding Corp. have reached a \$12 million settlement with the company, its top brass and its controlling shareholder over claims that they breached their fiduciary duties in connection with the company's \$4.6 billion take-private sale to affiliates of Blackstone Inc.

The parties filed a joint **stipulation and agreement** of settlement Monday, stating that the defendants have agreed to a \$12 million cash payment to resolve the claims. The defendants include Cvent CEO and Director Reggie Aggarwal, the company's controlling shareholder Vista Equity Partners, and five other Vista-affiliated directors.

The agreement states that the plaintiff shareholders and their counsel believe the deal is fair, reasonable and adequate and in the best interest of class members given the risks of continued litigation.

According to the agreement, the class includes all record and beneficial owners of Cvent common stock as of June 15, 2023, who received \$8.50 per share in cash in exchange for each share of Cvent common stock converted in connection with the sale.

The agreement also states that class counsel will seek an award of attorney fees and an incentive award for the lead plaintiff, though the amounts are not listed.

Last year, a Delaware vice chancellor **dismissed** Aggarwal from the suit, but only in his position as CEO. The vice chancellor kept alive claims against Aggarwal in his capacity as a director, as well as those against Vista Equity Partners and the other directors.

According to the suit, Cvent's management failed to put the \$4.6 billion transaction to a vote of minority stockholders and failed to hand off the process to an independent special committee, instead allowing the full Vista-controlled board to manage negotiations and the deal.

Alleged in part were stockholder claims that the transaction was unfairly tilted to the interests of Vista, which held five of eight seats on Cvent's board. Blackstone took the same \$8.50 per share as the minority shareholders for 63% of Cvent's stock, about \$2.13 billion, but rolled over its remaining \$1.25 billion worth into a new, "better-than-market" preferred security in the post-deal entity.

Vice Chancellor Paul A. Fioravanti found last year that the suit plausibly pled that Vista received a "non-ratable benefit as part of the merger that was not received by other stockholders."

Cvent went public in 2013, with Vista taking it private in 2016 at a \$1.65 billion valuation. In 2021, the same company returned to public trading through a special purpose acquisition company deal that valued the business on an enterprise basis at \$5.6 billion and an implied equity value of \$4.46 billion, with Vista continuing as controlling stockholder.

Vice Chancellor Fioravanti said in his ruling that the complaint sufficiently alleged that Vista received an improper side benefit that wrongly secured consideration that otherwise would have gone to other stockholders. In the process, the terms triggered an "entire fairness" standard of review, more favorable to stockholders than the business judgment standard.

Vista also secured concessions in the sale, giving it the right after 10 years to demand that Cvent sell the company or conduct a public offering, as well as a right to catch-up payments in the event of a change of control.

In addition, the vice chancellor found reasonably conceivable allegations that Vista's five directors and Aggarwal — in his capacity as a director — breached their duties in approving the sale.

While Aggarwal met multiple times with Blackstone and was described as clearly interested in retaining his position, the decision found no "well-pleaded" allegation that Aggarwal, acting as CEO, "tilted the sale process in favor of Blackstone or withheld information or otherwise deceived."

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

The Genesee County Employees' Retirement System and the stockholder class are represented by Block & Leviton LLP, Friedman Oster & Tejtell PLLC, Labaton Keller Sucharow LLP, Saxena White PA, and Bernstein Litowitz Berger & Grossmann LLP.

Vista and the affiliated directors are represented by Potter Anderson & Corroon LLP and Kirkland & Ellis LLP.

Aggarwal is represented by Ross Aronstam & Moritz LLP and Davis Polk & Wardwell LLP.

The case is Genesee County Employees' Retirement System v. Vista Equity Partners Management LLC et al., case number 2024-0299, in the Court of Chancery of the State of Delaware.

--Additional reporting by Jeff Montgomery. Editing by Emily Kokoll.



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Leo Says Missteps Sank \$50M SpaceX Investment In Appeal

By **Jarek Rutz**

Law360 (April 15, 2026, 2:56 PM EDT) -- The Delaware Supreme Court on Wednesday grappled with whether a fund manager's handling of a failed \$50 million SpaceX investment crossed the line into fiduciary misconduct, as attorneys for both sides clashed over causation, fairness and a controversial \$16 million fee award stemming from the dispute.

The appeal arises from a Delaware Chancery Court decision that largely sided with Tomales Bay Capital and its managing partner, Iqbaljit Kahlon, but still found a limited breach of a "duty of candor," awarding Leo Investments Hong Kong Ltd. just \$1 in nominal damages, and nearly \$16 million in attorney fees. On Wednesday, the justices pressed both sides on whether that narrow liability finding can support such a sweeping fee award and whether earlier conduct by Kahlon should have altered the outcome.

"We agree that the compensatory damage element requires reliance and causation, and of course, proof of those compensatory damages," Charlotte K. Newell of Sidley Austin LLP, arguing for Leo Investments, told the court.

The dispute stems from a November 2021 deal in which Leo Investments, affiliated with a Chinese public company, sought to invest \$50 million in Space Exploration Technologies Corp. through a Tomales Bay-managed fund. Leo made a legally required public disclosure of the investment in China, which triggered media coverage.

SpaceX executives, who had not been alerted in advance, objected to the publicity and insisted that Leo be removed from the fund. Kahlon then forced Leo's withdrawal and returned its money, prompting Leo to sue in Delaware's Court of Chancery in 2022.

After a trial, Vice Chancellor J. Travis Laster ruled in June 2025 that Tomales Bay did not breach its fiduciary duties of care or loyalty and acted within its contractual rights. However, he found that Kahlon made several misleading statements to Leo, a limited breach that resulted in only \$1 in damages but supported a full fee award of roughly \$16 million.

On appeal, Newell argued the trial court looked too narrowly at Kahlon's reaction to SpaceX's objections, rather than the earlier conduct that led to the dispute. She told the justices that Kahlon failed to follow SpaceX's known preference for advance notice of investor disclosures and then made matters worse by mischaracterizing Leo's actions.

Newell said those missteps should have defeated the "business judgment rule," a legal doctrine that typically shields managers from liability, and shifted the burden to defendants to prove their actions were entirely fair. Under that framework, she argued, Tomales Bay could not justify forcing Leo out of the deal.

Central to Leo's argument is causation, what would have happened if Kahlon had acted differently. Newell pointed to trial findings that SpaceX had historically allowed investor disclosures and that Kahlon himself testified he was "confident" the deal would have proceeded but for the dispute.

"Leo's viable investment would have proceeded, but for defendants' breaches," she told the court, arguing the lost opportunity could be worth hundreds of millions of dollars given SpaceX's soaring valuation.

George W. Hicks Jr. of Kirkland & Ellis LLP, representing Tomales Bay and Kahlon, countered that the case turns on SpaceX's reaction to media coverage — not anything Kahlon said or did beforehand. He argued the publicity surrounding Leo's disclosure was unavoidable and would have derailed the investment regardless.

Hicks said the trial court correctly found no breach of fiduciary duties and emphasized that Leo's appeal improperly shifts focus to a brief window before SpaceX intervened. He also rejected Leo's causation theory, arguing the company cannot prove the investment would have succeeded under any scenario.

Hicks urged the court to reverse the fee ruling, calling it an unprecedented expansion of exceptions to the "American Rule," which generally requires each side to pay its own legal costs. He said Leo's limited success, winning only \$1, cannot justify recovering nearly \$16 million in fees.

The case is now under advisement.

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

Leo Investments is represented by Eamon P. Joyce, Charlotte K. Newell and Tyler J. Domino of Sidley Austin LLP and A. Thompson Bayliss and Adam K. Schulman of Abrams & Bayliss LLP.

Tomales Bay and affiliates are represented by Aaron H. Marks, Amal El Bakhar, Ava Roche and George W. Hicks Jr. of Kirkland & Ellis LLP and David E. Ross, Eric D. Selden, Thomas A. Barr and A. Gage Whirley of Ross Aronstam & Moritz LLP.

The case is Tomales Bay Capital Anduril III LP et al. v. Leo Investments Hong Kong Ltd., case numbers 415,2025 and 428,2025, in the Delaware Supreme Court.

The underlying case is Leo Investments Hong Kong Ltd. v. Tomales Bay Capital Anduril III LP et al., case number 2022-0175, in the Delaware Chancery Court.

--Additional reporting by Jeff Montgomery. Editing by Janice Carter Brown.



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'A Bunch Of Games': MDL Judge Irked By Meta, AGs Sparring

By **Dorothy Atkins**

Law360 (April 15, 2026, 10:57 PM EDT) -- A California federal judge appeared skeptical Wednesday of Meta Platforms Inc.'s request for a summary judgment win over claims by state attorneys general in multidistrict social media addiction litigation, saying repeatedly that many disputes should be resolved at trial and panning some arguments by both sides as "a bunch of games."

U.S. District Judge Yvonne Gonzalez Rogers' comments came during an hourslong hearing in Oakland, California, on numerous motions in litigation **consolidated** in 2022 over claims by personal injury plaintiffs, over 1,000 school districts, Native American **tribes** and **attorneys general**.

The plaintiffs generally accuse the social media giants of designing their multibillion-dollar revenue-generating platforms with addictive features, such as infinite scroll, autoplay, notifications and reward systems, to the detriment of minors' health and livelihoods.

On Wednesday, the hearing focused on claims by more than two dozen attorneys general who seek to hold Meta liable for violations of dozens of state consumer protection statutes, as well as violations of the federal Children's Online Privacy Protection Act rule.

During the hearing, Meta asked the court to grant summary judgment in its favor on the states' allegations, while the states sought summary judgment on the federal COPPA claims. The judge also heard arguments on multiple motions to exclude certain experts, and Meta's request to adjourn the parties' tentative Aug. 5 trial date, which is set to begin right after the end of the first bellwether trial in the MDL.

Meta had additionally sought to **withdraw** its consent to a jury trial. The states didn't oppose the request after Judge Gonzalez Rogers indicated in an earlier hearing that she may impanel an advisory jury even if she holds a bench trial.

On Wednesday, Judge Gonzalez Rogers didn't rule from the bench on any of the motions, and she sent the parties' disputes over certain experts to a magistrate judge, but throughout the hearing, she appeared visibly frustrated by arguments by both sides.

At the start of the hearing, Judge Gonzalez Rogers ordered the states to submit a list of Meta's alleged misrepresentations that form the basis of certain state claims, and she took issue with the fact that neither party had provided her with a clear list of those alleged misrepresentations.

Meta's counsel, James P. Rouhandeh of Davis Polk & Wardwell LLP, estimated that there are roughly 130 statements at issue.

Megan O'Neill argued on behalf of the states that some of those statements aren't actionable and were merely provided to give context and to support the claims. However, she also acknowledged that the allegedly actionable statements at issue are "a little bit scattered" in the briefs.

But Judge Gonzalez Rogers called the issue an "overarching problem," and noted that although the states didn't provide her with the list of statements, Meta had filed a motion for summary judgment on the states' claims without listing the disputed statements.

"I am not picking on Meta here," the judge told the states' counsel. "Maybe I am a little, but I'm

picking on you, too."

Even so, Rouhandeh argued that many of the states' misrepresentation claims are barred by various statutes of limitations, and he suggested certain statements, including those made by executives internally and comments Meta CEO Mark Zuckerberg or others made to Congress, aren't actionable.

But the judge replied that she doesn't agree with Rouhandeh's views that statements made to Congress aren't actionable, "when you know that everyone is listening." She also noted that she couldn't rule on the dispute without seeing the specific statements at issue, which she added is an inefficient way to proceed.

"Here's my other frustration with this motion," the judge said. "I spend a lot of time with you all, and we try to have conversations [to streamline disputes]. These are trial issues we could have dealt with in a more efficient way. These seem to me to be issues of scope, and you don't even know if they're proceeding [on these misrepresentations]."

The states agreed to submit the list of the alleged misstatements by Monday. Meanwhile, Rouhandeh urged the judge to grant Meta summary judgment on other claims, arguing, among other defenses, that "social media addiction" isn't recognized as a medical or scientific condition.

He also argued that the states' claims are barred due to numerous other deficiencies, including because Meta is shielded under Section 230 of the Communications Decency Act — which prohibits holding internet service providers liable as publishers of third-party content — and the First Amendment.

But on many of Meta's summary judgment arguments, the judge repeatedly asked why she shouldn't follow her prior ruling **denying** Meta's summary judgment request on the bellwether school district's claims, since many of the defense arguments are the same.

The judge repeatedly told Meta's counsel that "I hear what you're saying," while adding, "I don't think I agree with you."

For the states' part, O'Neill agreed with the judge's suggestion that the reasoning in her prior summary judgment denials should apply.

O'Neill also noted that the "touchstone of consumer protection law" is whether a statement is likely to deceive or has the tendency or capacity to deceive a reasonable consumer. Whether social media addiction is a recognized medical condition is irrelevant to that question, she argued. She also argued that any statutes of limitations would be tolled under theories of fraudulent concealment and other tolling doctrines.

During arguments on the state's bid for summary judgment on the COPPA claim, Meta's counsel, Antonio J. Perez-Marques of Davis Polk, argued that Instagram — which is owned by Meta — is not an "operator" under the statute and Meta can't be held liable for knowingly collecting children's data, because the statute's plain language applies only to an operator who "is collecting" data on children under 13 with actual knowledge.

Judge Gonzalez Rogers appeared visibly frustrated and pointed out the Federal Trade Commission propagated a rule that requires operators to obtain parental consent and meet other COPPA notice requirements if it becomes aware that it has collected data from minors.

But Perez-Marques argued that the FTC's rule interpreting the statute shouldn't apply, because the FTC didn't provide public notice of the rule or follow proper rulemaking procedures, and Congress never changed the specific language of the statute. Ultimately, courts shouldn't wade into such a policy issue, he argued.

But the judge abruptly ended the argument and told Perez-Marquez "your argument makes no sense."

"We don't actually have to have an argument on this, because you're [claiming] the words aren't there," the judge said. "It's an entirely vitiating way of looking at that statute."

In apparent frustration, the judge similarly abruptly ended the parties' argument over whether Instagram LLC is an operator under COPPA after they debated at length over whether they could reach a stipulation on the issue.

"I don't want [to hear] argument on it," the judge told counsel for both parties. "I understand what you all are doing — it's a bunch of games. But we'll deal with it."

She noted that the parties can't even agree on elements of COPPA claims, and she added that she may limit the amount of trial time the parties have to argue if they can't reach such agreements.

"You better figure out how it is you're going to streamline this, because this kind of thing does not give me any confidence in your trial abilities," the judge told counsel.

At the end of the hearing, Judge Gonzalez Rogers took the arguments under consideration.

The hearing came a day after Judge Gonzalez Rogers held a **pretrial conference** on the MDL's first bellwether trial over Breathitt County School District's claims. The **first bellwether trial** is expected to last six weeks, with jury selection beginning June 12, and it's expected to feature **courtroom testimony** from Zuckerberg and Snap CEO Evan Spiegel.

In state court, a state trial judge in Los Angeles is presiding over parallel personal injury litigation, and she held the first state bellwether jury trial in **February**. That trial resulted in a **\$6 million liability verdict** in March against Google and Meta, which the companies have vowed to appeal.

The states were represented during the hearing by Megan O'Neill, Nayha Arora and Joshua Edward Olszewski-Jubelirer of the California Department of Justice, Krista Batchelder and Shannon Wells Stevenson of the Colorado Department of Law, and Zachary J. Richards and Matthew C. Cocanougher of the Kentucky Office of the Attorney General.

Meta was represented during the hearing by Ashley M. Simonsen of Covington & Burling LLP and James P. Rouhandeh and Antonio J. Perez-Marques of Davis Polk & Wardwell LLP.

The MDL is In re: Social Media Adolescent Addiction/Personal Injury Products Liability Litigation, case number 4:22-md-03047, in the U.S. District Court for the Northern District of California.

--Editing by Michael Watanabe.



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Texas Can't Revive Anti-ESG Law While Appeal Plays Out

By **Sarah Jarvis**

Law360 (April 15, 2026, 9:35 PM EDT) -- A Texas federal judge refused to pause an injunction pending appeal on a state law restricting state investments in businesses that aim to reduce their reliance on fossil fuels, finding the law's language clearly intends to disfavor groups with certain viewpoints and is unlikely to survive appeal.

In his Tuesday **order**, U.S. District Judge Alan D. Albright sided with the American Sustainable Business Council in determining that pausing an injunction on Senate Bill 13 would lead to irreparable harm for two of its members, Etho Capital and Our Sphere.

"Unlike the speculative harms that the state defendants complain of, ASBC's members Etho and Sphere have demonstrated irreparable harm should the court grant a stay," Judge Albright said. "Etho and Sphere are injured because they have lost the opportunity to compete for investments from Texas as punishment for exercising their First Amendment rights."

The order denied a motion to stay that had been brought by Texas Attorney General Ken Paxton and Texas Comptroller Kelly Hancock following their appeal of a **February order** finding that S.B. 13 is both "overbroad and unconstitutionally vague."

Counsel for the ASBC declined to comment Wednesday, and a representative of the Texas Attorney General's Office did not immediately respond to a request for comment.

The ASBC in August 2024 **launched its challenge** to S.B. 13, alleging in the complaint that the Texas Legislature passed the measure "to coerce and punish businesses that have articulated, publicized, or achieved goals to reduce reliance on fossil fuels." The group argued the statute is unconstitutional because it "impermissibly infringes rights of free speech and association under a scheme of politicized viewpoint discrimination, based on no legitimate state interest."

But Paxton and Glenn Hegar, then the state comptroller of public accounts, moved to dismiss the case in October 2024, arguing S.B. 13 was carefully crafted to ensure the state's tax dollars "are not conscripted into the service of boycotting the economic lifeblood of the state while respecting private parties' rights to hold and espouse opinions as they may deem appropriate."

Court records show the state defendants appealed Judge Albright's order finding the law unconstitutional on Feb. 6.

Among other things, Judge Albright found Tuesday that the language of S.B. 13 clearly intends to disfavor organizations with certain viewpoints by targeting companies that "refuse to deal with," "terminate business activities with," or "take any action that is intended to penalize" fossil fuel companies.

"Curiously, though, it makes an exception for those actions only when taken for an 'ordinary business purpose,'" Judge Albright said. "So, the statute only targets companies when they are not engaged in commercial activity. This indicates that the statute is designed to respond to organizations' advocacy, rather than regulate their commercial conduct. For this reason, the state defendants are unlikely to succeed on the merits of their challenge."

The ASBC is represented by Rachel L. Fried, Victoria Nugent and Skye Perryman of Democracy

Forward Foundation, Ketan U. Kharod, Mary Whittle and Mark Guerrero of Guerrero & Whittle PLLC, and Matthew D. Brinckerhoff, Vasudha Talla and Sana Mayat of Emery Celli Brinckerhoff Abady Ward & Maazel LLP.

The state defendants are represented by William H. Farrell of the Texas Attorney General's Office, General Litigation Division.

The case is American Sustainable Business Council v. Glenn Hegar et al., case number 1:24-cv-01010, in the U.S. District Court for the Western District of Texas.

--Additional reporting by Lauren Berg. Editing by Linda Voorhis.

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