Securities

Enovix Routs Investors' Bid for Class Status in Factory Lawsuit

April 22, 2026, 12:25 PM PDT

Enovix Corp. investors failed to convince a federal judge to let them proceed as a class with allegations the battery producer hid its decision to waive a testing requirement for factory equipment coming from China before stopping commercial production at the facility where it was installed.

Enovix rebutted a presumption that a class of shareholders relied via its stock price on the company's misstatement about its equipment, because there's a mismatch between the contents of the disputed language and three stock-price deflating disclosures, Judge Susan Illston said Tuesday. In doing so, the judge cited a widely-watched securities defense bar tool set forth by a 2021 Supreme Court ruling.

All of the corrective disclosures related to the performance of Enovix's factory overall rather than the Chinese equipment, the US District Court for the Northern District of California judge said, denying class status. Illston previously dismissed the bulk of the investors' allegations, leaving only one purported misstatement implying the equipment had passed factory acceptance testing before shipment when it actually failed.

For class certification, plaintiffs have to show that members' common questions of law or fact predominate over individuals ones. Generally, investors can use a presumption of classwide reliance on misrepresentations under the theory that investors relied on the price of the company's security which, trading in an efficient market, absorbs all of its public misrepresentations.

The "mismatch" Enovix asserted has been a favored tool in trying to undercut class certification in cases where investors rely on an "inflation-maintenance" theory—alleging misrepresentations kept the stock price afloat—since a high court decision involving Goldman Sachs. Following that ruling, the US Court of Appeals for the Second Circuit dismantled a class of Goldman investors, finding a wide-enough gap between alleged misrepresentations and corrective disclosures to sever the link with its stock price.

Subsequently the Third Circuit, in a split decision, said Johnson & Johnson failed to raise a *Goldman* mismatch in an investor suit over representations about the safety of its talc products. The Ninth said Zillow Group Inc. also fell short in a suit over its home-flipping business' pricing model. The Supreme Court this week declined to take up J&J's bid for review; Zillow is expected to petition the justices in the coming months.

Unlike Zillow

Illston disagreed with Enovix investors' characterization that their bid mirrored that of the Zillow case, saying, "the same information that was alleged to have made the initial statements about Zillow's housing stock misleading also came to light when Zillow announced it would cease buying new homes."

The ruling is "significant and precedent-setting" and "correctly applied the Supreme Court's directives in *Goldman* to the record and found that the sole alleged misrepresentation in the case had no impact on Enovix's stock price," said Emily Kapur of Quinn Emanuel Urquhart & Sullivan LLP, which represents Enovix.

Attorneys at the Rosen Law Firm PA and Rolnick Kramer Securities Litigation LLP, which represent the investors, didn't immediately respond to an email seeking comment.

The case is In re Enovix Corp. Sec. Litig. , N.D. Cal., No. 3:23-cv-00071, 4/21/26 .

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Securities

YPF Investors Say They'll Arbitrate $16 Billion Argentina Case

April 22, 2026, 11:00 AM PDT

Former YPF SA investors who saw their $16.1 billion US judgment against Argentina thrown out on appeal last month have told the trial judge that they intend to pursue international treaty arbitration along with further appeals.

A lawyer for the investors on Tuesday asked US District Judge Loretta Preska in New York to let them use evidence from the court case in a planned arbitration. But he said they also planned to continue contesting the appeals court ruling for Argentina.

Preska awarded the plaintiffs the massive judgment in 2023, finding that the Argentine government violated their rights in its 2012 nationalization of oil company YPF. But the US Second Circuit Court of Appeals reversed her on March 27, saying she misinterpreted Argentine law.

Litigation funder Burford Capital Ltd., which has been financing the suit and would have taken a large share of the award, said after the ruling that it was looking at taking the case to arbitration as well appealing the case to the full Second Circuit or the US Supreme Court.

Burford shares plunged after the Second Circuit's ruling, and are currently down around 40% since then in both New York and London.

--With assistance from **Stephen Wicary**.

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Securities

Coinbase Gets Terra Token Holders' Securities Claims Thrown Out

April 22, 2026, 3:01 PM PDT

A group of Coinbase Global Inc. users who held Terraform Labs tokens can't maintain their lawsuit against the cryptocurrency exchange, a federal court ruled Wednesday.

The securities claims are dismissed and the rest of the claims in the suit must go to arbitration, Judge Jed S. Rakoff said in a two-page order for the US District Court for the Southern District of New York. He said he'd provide his reasoning "in due course."

More than a dozen exchange users who held Terra's LUNA and "Wrapped LUNA" tokens sued Coinbase in May 2025, saying it had a conflict of interest because of its relationship with Terra. They sued as individuals, not on behalf of a class.

The exchange customers said Coinbase marketed Terra's WLUNA token misleadingly, mishandled a WLUNA conversion to a different token designation following a Terra blockchain system collapse in May 2022, and provided inaccurate account records and tax documents.

Bulldog Law PC and Berwish Law represented the plaintiffs. Paul, Weiss, Rifkind, Wharton & Garrison LLP represented Coinbase and its Coinbase Inc. subsidiary.

The case is Heabeart v. Coinbase, Inc. , S.D.N.Y., No. 1:25-cv-09197, 4/22/26 .

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Goldman Sachs settles shareholder lawsuit over 1MDB scandal

reuters.com/sustainability/boards-policy-regulation/goldman-sachs-settles-shareholder-lawsuit-over-1mdb-scandal-2026-04-22

Jonathan Stempel April 22, 2026

Goldman Sachs logo appears in this illustration taken December 1, 2025. REUTERS/Dado Ruvic/Illustration Purchase Licensing Rights, opens new tab

NEW YORK, April 22 (Reuters) - Goldman Sachs (GS.N), opens new tab has agreed to settle a class-action lawsuit accusing the Wall Street bank of defrauding shareholders about its work for 1MDB, a Malaysian sovereign wealth fund that became embroiled in a corruption scandal.

In a letter filed on Wednesday in Manhattan federal court, Goldman and the shareholders said they reached an agreement-in-principle to settle, and plan to submit a settlement for preliminary approval by May 20.

Goldman declined to comment. Lawyers for shareholders led by the Swedish pension fund Sjunde AP-Fonden did not immediately respond to requests for comment. Terms were not disclosed.

Former Malaysian Prime Minister Najib Razak set up 1MDB to promote economic development, with help from Malaysian financier Jho Low, who is now a fugitive.

U.S. and Malaysian authorities have said $4.5 billion was siphoned away from 1MDB, with some diverted to offshore bank accounts and shell companies linked to Low.

Goldman helped 1MDB sell $6.5 billion of bonds, and collected an estimated $600 million of fees.

Shareholders accused the bank of lying about its role in the fraud while repeatedly touting its supposedly robust risk management.

They said Goldman's share price tumbled after investors realized Goldman "actively facilitated - and handsomely profited from" the fraud.

Goldman agreed in 2020 to pay $2.9 billion in penalties and have a Malaysian unit admit criminal wrongdoing to settle 1MDB probes by the U.S. Justice Department and other authorities.

A Brooklyn, New York judge formally ended the U.S. criminal case against Goldman in May 2024, after the bank successfully completed a three-year deferred prosecution agreement.

One Goldman banker was convicted of helping loot 1MDB, and another pleaded guilty.

Securities

Goldman Says It's Settling Shareholder Class Action Over 1MDB

April 22, 2026, 11:38 AM PDT

Goldman Sachs Group Inc. said it reached an "agreement in principle" to settle a shareholder class action claiming the bank and former top executives misled them about its involvement in the 1Malaysia Development Berhad scandal.

Lawyers from both Goldman and Swedish pension fund Sjunde AP-Fonden, the lead plaintiff in the case, said in a Wednesday letter to US District Judge Vernon S. Broderick in Manhattan that they've agreed to resolve the case "in its entirety," without providing details of the resolution. They said they plan to file the settlement agreement by May 20. Broderick must approve the deal for it to go forward.

Goldman declined comment.

The suit was first filed in 2018. The bank denied liability at the time but later agreed to pay more than $2.9 billion, the largest penalty of its kind in US history, and more than $5 billion globally for its role in the scheme. Two Goldman bankers were convicted of helping to loot 1MDB.

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Securities

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Danaher Settles Investor Suit Over Projections for $173 Million

April 23, 2026, 8:07 AM PDT

Danaher Corp. has reached a nearly $173 million class settlement with investors who allege it misrepresented demand for its tests and vaccine equipment as the Covid-19 pandemic waned, according to a federal court filing.

The deal is fair and should receive preliminary approval, the shareholder leading the suit told the US District Court for the District of Columbia on Wednesday. “If approved, this will be the *largest* federal securities fraud class action recovery” within the District of Columbia Circuit since the Private Securities Litigation Reform Act went into effect in 1996, Brenda Hawkins said.

Hawkins alleged that Danaher’s April 2022 projections were misleading because they omitted that demand for Covid-related equipment had already declined by early 2022 and that order placements for other products were slipping. The company also misrepresented then-current demand levels in 2022 and 2023, she said.

A series of partial disclosures caused stock drops, including a 9% decline to close at $231.99 on April 25, 2023, she alleged.

Judge Amir H. Ali trimmed the claims in August 2025 but allowed much of the proposed class action to proceed.

Danaher continues to deny wrongdoing, according to the stipulation of settlement included with the filing.

With maximum damages estimated at $5.2 billion to $7.3 billion, the settlement amount would represent a 3% to 7% recovery, Hawkins said in her approval request.

Pomerantz LLP is lead counsel for the investors. Gibson, Dunn & Crutcher LLP represents Danaher.

The case is Hawkins v. Danaher Corp. , D.D.C., No. 1:23-cv-02055, motion 4/22/26 .

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Danaher reaches $172.5 million settlement with shareholders over post-pandemic outlook

reuters.com/legal/government/danaher-reaches-1725-million-settlement-with-shareholders-over-post-pandemic-2026-04-23

Jonathan Stempel April 23, 2026

An employee holds U.S. dollar bank notes at a money changer in Jakarta, Indonesia, April 9, 2025. REUTERS/Willy Kurniawan Purchase Licensing Rights, opens new tab

April 23 (Reuters) - Danaher (DHR.N), opens new tab reached a $172.5 million settlement with shareholders who accused the diagnostics and life-sciences company of defrauding them by overstating demand for its equipment as the worst of the COVID-19 pandemic passed.

A preliminary settlement was filed on Wednesday with the federal court in Washington, D.C., and requires a judge's approval.

- Lawyers for the shareholders called the all-cash accord the largest securities class action settlement in that court since a 1996 law governing such cases took effect.
- The largest prior settlement was a $153 million accord in 2013 involving the mortgage finance company Fannie Mae (FNMA.PK), opens new tab and its auditor KPMG.
- Shareholders said Danaher made false and misleading statements in 2022 and 2023 about its "bioprocessing" business, which sold equipment for manufacturing biopharmaceutical vaccines and therapeutics, including assurances there would be enduring demand.
- Danaher's stock price fell on multiple occasions as the truth became public, and the company reduced sales forecasts, the shareholders said.
- The Washington, D.C.-based company denied wrongdoing in agreeing to settle. A spokesperson said on Thursday that the settlement "will allow us to avoid burdensome litigation and stay focused on our mission of helping solve the world’s most critical health challenges."

Reporting by Jonathan Stempel in New York; Editing by Nia Williams

Our Standards: The Thomson Reuters Trust Principles., opens new tab

Securities

Wells Fargo, Ocwen Score Revised ERISA Mortgage Appeal Opinion

April 22, 2026, 9:10 AM PDT

Ocwen Financial Corp. and Wells Fargo Bank NA successfully petitioned the Second Circuit to revise a decision reviving an ERISA lawsuit seeking to hold them liable for alleged pension losses tied to mortgage-backed securities.

The appeals court on Wednesday issued an amended version of its March opinion holding that some of the relevant pension investments were "equity interests" under federal regulations defining plan assets for purposes of the Employee Retirement Income Security Act. The revised opinion also clarifies that as equity interests they may not qualify as ERISA plan assets unless other conditions are satisfied—a change specifically requested by Wells Fargo and mortgage servicer Ocwen, which is now known as Onity Group Inc.

"We address today only whether the plan's investments are equity interests and leave to the district court to decide in the first instance whether the assets underlying each investment" qualify as "plan assets" under ERISA, the appeals court said in a footnote added to the revised opinion.

The proposed class action, filed in 2018, appears to be the first-ever attempt to argue that mortgage-servicing misconduct can violate ERISA if pension funds invest in mortgage-backed securities. Pension fund trustees say Ocwen, with help from Wells Fargo, enriched itself at the fund's expense by forcing homes into foreclosure, thereby devaluing assets held by the fund.

A federal judge ruled in 2023 that the securities don't qualify as plan assets under ERISA—and thus there's no valid claim under the statute—because they're more like debt than equity.

The US Court of Appeals for the Second Circuit in its March 26 ruling disagreed in part. It considered whether the pension plan's investments in two types of vehicles—indenture trusts and real estate mortgage investment conduit (REMIC) trusts—qualify as "equity interests" under a US Labor Department regulation defining plan assets for purposes of ERISA.

The indenture trusts are more like debt than equity—and thus aren't ERISA plan assets—because they provide fixed payments at regular intervals without offering a residual interest in the underlying pool of mortgages, the court said.

It reached a different conclusion with respect to the REMIC trusts. The agreements governing these instruments make clear that the pension fund is a beneficiary of the trusts, and beneficial interest in a trust qualifies as an equity interest under the text of the relevant regulation, the court said.

In its amended opinion, the Second Circuit clarified that it wasn't deciding whether the REMIC trusts were plan assets, only that they satisfied a portion of the regulation's plan asset definition. It instructed the district court to consider the other components of the definition in the first instance.

Judge Richard J. Sullivan wrote the original and amended opinions. Judges Denny Chin and Susan L. Carney joined.

O'Melveny & Myers LLP and Orrick, Herrington & Sutcliffe LLP represent Ocwen. Jones Day represents Wells Fargo. Keller Rohrback LLP and R. Bradley Miller of Alexandria, Va., represent the pension trustees.

The case is Powell v. Ocwen Fin. Corp. , 2d Cir., No. 23-999, amended opinion 4/22/26 .

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Analysis | **Antitrust**

'Material Litigation Risk': Live Nation Antitrust Jury Trial Buoys State AGs

"The state attorneys general aren't backup singers anymore, they are now headliners," an Armstrong Teasdale business litigation partner said after state AGs secured a monopolization jury trial verdict against defendants Live Nation and Ticketmaster, while a California federal judge ruled in favor of state plaintiffs in a case challenging the legality of the Nexstar-Tegna broadcast merger.

April 22, 2026 at 05:27 PM By **Sulaiman Abdur-Rahman**

Live Nation and Nexstar signs. Credits: Adobe Stock

State antitrust enforcement has become a legal juggernaut and compliance risk for businesses following the jury trial verdict against Live Nation and a federal judge's preliminary injunction preventing Nexstar from implementing its $6.2 billion acquisition of Tegna until further notice, according to legal observers.

More than 30 states proved their monopolization and tying claims against defendants Live Nation and Ticketmaster in Manhattan federal court April 15, while U.S. District Chief Judge Troy Nunley of the Eastern District of California found state plaintiffs' antimerger arguments persuasive in the Nexstar-Tegna case April 17.

Looking at both cases in tandem is "really bringing about a sea change in state antitrust enforcement," said David Gringer, an antitrust litigation partner at Wilmer Cutler Pickering Hale and Dorr in New York and former trial attorney at the U.S. Department of Justice's Antitrust Division.

"Historically, particularly in the merger space, the state [attorneys general] were players, but they were the supporting cast to the DOJ and [Federal Trade Commission] star," Gringer said Tuesday in a videoconference interview with Law.com. "Now, after the back-to-back wins in Nexstar and Tegna and Ticketmaster and Live Nation … the states have proven that they can win big cases on their own."

For any company considering a merger with a competitor, "You need from Day One a state AG strategy, and they have to be taken more seriously," Gringer added. "You cannot just say, 'We're going to deal with the DOJ or FTC and the state AGs will follow,' because we know that's not true."

The states hired Winston & Strawn partner Jeffrey Kessler as outside counsel to secure a total liability verdict against Live Nation Entertainment Inc. and its wholly owned subsidiary Ticketmaster LLC after the Justice Department reached a $280 million proposed settlement with both defendants midtrial.

"To be exposed to that kind of great lawyering makes you better," Gringer said. "The state AG people who worked on that [Live Nation] case, they are going to get better on their own just from having done the case … but they are going to have seen how a Jeff Kessler prepares, how he thinks about witnesses, and the next time there's a case, even if they don't have Jeff with them, they are going to be better."

Monte Mann, a business litigation partner at Armstrong Teasdale in Chicago, said the presence of state AGs enforcing federal and state antitrust laws represents a "material litigation risk" for corporations.

"The state attorneys general aren't backup singers anymore, they are now headliners," Mann said Wednesday in a telephone interview with Law.com. "States can move faster, I think, than the federal agencies. They are often more aggressive on remedies, especially when their local markets are impacted."

A nine-member federal trial jury found defendants Live Nation and Ticketmaster liable for alleged violations of Section 1 and 2 of the Sherman Act, while Nunley found the Nexstar-Tegna broadcast merger is likely to violate Section 7 of the Clayton Act.

“A monopolization verdict by the jury isn’t the end of the case, it’s the beginning of really the most consequential phase, the remedies phase,” Mann said. “Antitrust cases are no longer just about winning a trial. These businesses have to consider whether their business model can survive a judicial remedy.”

U.S. District Judge Arun Subramanian of the Southern District of New York will have to fashion a remedy ending Ticketmaster’s alleged unlawful monopolization in the market for primary concert ticketing services if he accepts the jury’s verdict and rejects Live Nation’s motion for judgment as a matter of law.

Subramanian must also review whether the DOJ’s proposed settlement with Live Nation and Ticketmaster is in the public interest given the jury’s verdict.

“The judge has not yet signed the settlement agreement,” Lauren Spahn, a partner at Buchalter in Nashville, Tennessee, and co-chair of the firm’s entertainment industry group, said Wednesday in a telephone interview with Law.com.

“I wouldn’t be surprised if we saw the judge reject the settlement agreement,” Spahn said. “The jury’s findings on the state claims, I think, is correct.”

Spahn said a remedy addressing Live Nation’s alleged Sherman Act violations could involve a complete structural breakup of Live Nation and Ticketmaster, a partial structural remedy requiring the entertainment giant to sell off numerous amphitheaters or a behavioral remedy banning Live Nation’s alleged exclusionary conduct.

“I think we are more likely to see a structural relief that is partial, and it might even be based on certain markets,” said Spahn, adding the Justice Department’s proposed settlement calling for Live Nation to divest 13 of its concert venues is “very minimal” and insufficient given the jury’s liability verdict.

“It is really too early to say whether there is a credible possibility of divestiture here,” said Gringer, the Wilmer partner. “We don’t know what kind of arguments the states will marshal in favor of divestiture.”

A court-ordered divestiture is a “big deal,” Gringer added. “It is not something you can win on a technicality in a legal brief. You really need to portray a compelling story of why it is necessary and convince the court that it is worth taking that leap along with you.”

Alternative cause evidence allowed in social media addiction trial

DJ dailyjournal.com/articles/390965-alternative-cause-evidence-allowed-in-social-media-addiction-trial

Judge Carolyn Kuhl

The judge overseeing the social media addiction cases in Los Angeles denied efforts to exclude evidence of alternative causes, such as sexual assault, for a plaintiff's alleged harm, and declined to delay trial in another case, setting it for July.

Superior Court Judge Carolyn B. Kuhl also focused a late Tuesday hearing on summary judgment motions in a third case, in which social media companies argued the plaintiff's own admissions undermined causation.

Kuhl did not make a summary judgment ruling and took the motions under submission.

The matter came up during a hearing that addressed multiple issues across the coordinated proceedings. This included disputes over what evidence a jury could hear in plaintiff Heaven Moore's case, motions that could end the case for a minor identified as I.P., and scheduling for the next bellwether trial involving a minor identified as R.K.C.

The first bellwether trial concluded last month with a first-of-its-kind jury verdict awarding $6 million to a now-adult plaintiff, Kaley G.M., who alleged Meta Platforms Inc. and Google LLC were liable for designing addictive and harmful features on Instagram and YouTube that contributed to mental and emotional problems she said began in childhood.

The companies denied her allegations, saying her home environment was a possible cause of her problems while her social media use was not extensive. They vowed to appeal the verdict.

In Moore's case, Kuhl denied a motion by the plaintiff's counsel to exclude references to alleged sexual assaults and related expert opinions, finding the evidence "highly relevant to the crucial question of causation."

Moore's counsel, represented at the hearing by Wagstaff & Cartmell partner Thomas P. Cartmell, sought to remove the material from trial after the plaintiff's experts concluded the encounters contributed to her mental health conditions, arguing the evidence would be prejudicial and would distract the jury.

According to court filings, Moore alleged she was groomed on social media as a minor and coerced into sexual activity.

Defense attorneys countered that the allegations went directly to alternative causation and should be considered by jurors.

Kirkland & Ellis LLP partner Sierra Elizabeth, appearing for Snapchat, warned that including such evidence could turn Moore's case into "a mini criminal trial in the middle of a civil trial," arguing it would no longer be representative of the core claims in the litigation because of shifting expert opinions and credibility issues.

Kuhl found it would be "improper" to exclude the evidence simply because the plaintiff no longer wished to rely on it.

"That Moore may have been the victim of sexual abuse is unlikely to turn jurors against Moore," Kuhl wrote. "The sensitive nature of the evidence has the potential ... to 'inflame jurors,' but this potential must be weighed against the high probative value of the evidence on the crucial question of causation."

The judge also denied a separate motion by Meta and Snap to stay Moore's trial pending appellate review of a statute-of-limitations issue. Instead, Kuhl removed Moore from the first group of bellwether trials and indicated the case would be considered next month among a second group of plaintiffs.

Kaley's case was the first of three scheduled bellwether trials in the coordinated proceedings. The litigation involves thousands of lawsuits alleging social media platforms intentionally designed addictive features that harm minors. The alleged defective features include autoplay, notifications and algorithmic recommendations. *Social Media Cases*, JCCP5255 (L.A. Super. Ct., filed Oct. 24, 2022).

Meanwhile, Kuhl set a July 17 trial for R.K.C., the next bellwether plaintiff.

Tuesday's hearing concluded with extensive arguments over summary judgment motions filed in the case for plaintiff I.P., which the judge took under submission. Meta, Snap, TikTok and Google argued I.P.'s own testimony defeated his claims.

Munger Tolles & Olson LLP partner Jonathan H. Blavin, speaking on behalf of the defendant companies, said the record contained "clear and unequivocal" admissions that the platforms did not cause the alleged harm.

According to Blavin, this included deposition answers in which I.P. purportedly denied that specific platform features caused him harm, attributing his troubles to other factors, such as a separate incident involving the circulation of a photo.

Plaintiff's attorney Davis S. Vaughn of Beasley Allen Law Firm disputed that characterization, arguing deposition testimony must be considered alongside other evidence, including expert reports and broader patterns of platform use. He told Kuhl that the defendants were improperly isolating portions of the testimony and ignoring evidence that I.P. spent hours on social media and developed compulsive behaviors.

#390965

Devon Belcher

Securities

Meta Accused of Promoting Scam Ads to Mislead Facebook Users

April 22, 2026, 8:38 AM PDT

A nonprofit consumer advocacy group is accusing Meta Platforms Inc. of misleading consumers for its own gain by exposing them to scam advertisements on Facebook and other social media platforms.

A proposed class action complaint filed in the DC Superior Court, Civil Division, Tuesday by the Consumer Federation of America says the company is violating DC's Consumer Protection Procedures Act by engaging in unfair or deceptive trade practices in connection with the offer, sale, advertisement, or supply of consumer goods and services. In particular, Meta is misleading consumers into believing it vets every ad on its platforms and removes those that pose a risk they'll be harmed through fraudulent practices, when its policies actually boost the scam ads and increase Meta's profits, it said.

Social media scams have led to $2.7 billion in reported losses since 2021, according to the Federal Trade Commission. These platforms, for example, are now the most-used distribution channels for securities fraud schemes, and up until recently, have evaded suits alleging liability.

Meta is at the center of this problem, the plaintiff said. "Through a combination of inconsistent or lax advertising policies and misleading public statements, Meta has become 'a pillar of the global fraud economy,'" they said. Rather than protect its users, "Meta has knowingly taken steps and adopted policies that pad its bottom line at the expense of its users' safety and well-being."

Meta denied the allegations, saying they "misrepresent the reality of our work."

The company "aggressively combats scams across our platforms to protect people and businesses—last year alone, we removed over 159 million scam ads, 92% of which we took down before anyone reported them, and took down 10.9 million accounts on Facebook and Instagram associated with criminal scam centers," a Meta spokesperson said.

"We fight scams because they are bad for business—people don't want them, advertisers don't want them, and we don't want them either," they said.

The complaint seeks certification of a class made up of all people in DC who've had a Facebook account within the applicable time period for filing suit. Each proposed class member has been harmed by Meta's advertising practices, it says.

It also seeks actual damages; treble damages or $1,500 per violation, whichever is greater; punitive damages; attorneys' fees and costs; and a permanent injunction against Meta's use of the unlawful trade practices.

Tycko & Zavareei LLP and Tech Justice Law represents the CFA.

The case is Consumer Fed'n of Am. v. Meta Platforms, Inc. , D.C. Super. Ct. Civ. Div., No. unavailable, filed 4/21/26 .

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Bank says data-sharing claims vary too widely among plaintiffs

DJ **dailyjournal.com**/articles/390968-bank-says-data-sharing-claims-vary-too-widely-among-plaintiffs

A class cannot be certified in a privacy lawsuit against Capital One because the financial information allegedly shared with third parties varies by plaintiff, the bank's attorneys from Covington & Burling LLP argued in San Francisco federal court.

Andrew J. Soukup for Capital One said in a Tuesday hearing that when judges have certified a class in similar privacy lawsuits, it's almost always been about a "very narrow basket of information" with an affirmative misrepresentation on the part of the defendant. "That is not this case," Soukup said.

Here, Soukup argued, the plaintiffs take issue broadly with the fact that Capital One shares data rather than pointing to any specific misrepresentation. Evidence produced in discovery has shown that the company could have shared "various permutations of data," depending on the customer, he said.

"We can't even agree on what was shared about the named plaintiffs here," Soukup said.

The plaintiffs asked U.S. District Judge Trina L. Thompson on Tuesday to certify their two proposed nationwide classes and two California subclasses.

The entire case boils down to the same question for all class members, James G. Stranch IV of Stranch, Jennings & Garvey, PLLC argued for the plaintiffs: Would a reasonable person expect their data to be sold to third parties based on Capital One's representations?

"Everybody wins and looses on that," Stranch said. *Shah et al. v. Capital One Financial Corp.*, 3:24-cv-05985 (N.D. Cal., filed Aug. 26, 2024).

Thompson responded that the defense can just argue that plaintiffs consented to the data collection when they agreed to Capital One's privacy policy. "They're going to argue that they did disclose everything," Thompson said.

Stranch countered that consent is an affirmative defense and that it's a genuine dispute for trial, not a reason to deny class certification.

Soukup pointed out that the case is named after a plaintiff who dropped his claims after the parties found his data hadn't been shared.

Thompson asked how it was appropriate to consider him since he's no longer part of the case, but Soukup responded he's equivalent to any other absent class member.

Thompson asked how he'd respond to the plaintiffs' claim that they can't consent to data sharing they aren't made aware of.

"Customers don't expect this level of detail when they're going through a privacy policy," Soukup answered.

The plaintiffs repeatedly stated that their expert wasn't rebutted and found the company collects data beyond what's stated in its privacy policy.

Soukup responded that Capital One could choose to bring an expert witness of its own when the time comes and has produced facts that rebut the report.

Soukup brought up an internal slide deck, cited by the plaintiffs, that says a customer's email address is worth $23. That, he said, wasn't meant to suggest the company sells customers' email addresses for $23, but to highlight employees on the importance of obtaining email addresses for targeted advertising.

Capital One also asked Thompson to dismiss the case once again. She'd partially granted and partially denied the initial motion to dismiss in February 2025. This time, they argued the named plaintiffs lack standing to bring the lawsuit because they weren't subject to a "highly offensive" privacy invasion when Capital One shared their financial information since the data was anonymized.

The company shared the named plaintiffs' anonymized data with Adobe for analysis, Kathryn Cahoy argued for the defense, removing their names and instead filing the data under an identification number. The identification number could only be traced back to the person once the data was returned to Capital One, she said.

Stranch argued that Capital One has the burden in a dismissal motion and that each point it made in its motion was simply a factual dispute. For example, he said, the plaintiffs' expert reported that the supposedly anonymous data could be traced back to the individual user by third parties.

"There is a huge dispute over the facts of what was transferred and who it was transferred to," Stranch said.

After Thompson heard the two motions, Stranch briefly addressed the plaintiffs' motion for the judge to overrule U.S. Magistrate Judge Sallie Kim's decision not to sanction the defendants in a discovery dispute. Stranch claims they knowingly withheld information on server-to-server data transfers.

The defense responds that the plaintiffs only began focusing on server-to-server data transfers after their initial theory was proven wrong in discovery.

#390968

Daniel Schrager

California Brief

Google, Flo App's $56 Million Privacy Settlement Gets Early Nod

April 22, 2026, 3:49 PM PDT

Google LLC and the popular menstrual tracking app Flo Health Inc. received preliminary sign-off Wednesday on their combined $56 million settlements in a data privacy class action over the tracking of personal health data.

Judge James Donato of the US District Court for the Northern District of California in San Francisco said Google's $48 million and Flo's $8 million settlement agreements appeared "fair, reasonable, and adequate" for the roughly 12 million class members who used the Flo app.

Donato set a final approval hearing for the settlement on Oct. 29.

The two agreements resolve claims from Flo users who allege Google illegally intercepted the private menstrual health data of millions of users without their consent. The class action filed in 2021, which also named Meta Platforms Inc., said Flo embedded software development kits created by Google and Meta into its app that recorded users' answers to health questions.

Google reached a settlement just before the start of trial last year and Flo struck a deal the day before the case was set to go to the jury.

The jury found Meta liable for violating California privacy law by eavesdropping on users' answers, and the company may have to pay damages ranging in the billions of dollars.

The plaintiffs estimated that the average recovery for each class member under the Google and Flo settlement would be between $12 and $31. The plaintiffs' attorneys said they will petition the court for no more than one third of the settlement total.

The settlement administrator will begin sending notices via email to potential class members and advertising on social media platforms beginning in June, Donato's approval order said.

The case is Frasco v. Flo Health Inc. , N.D. Cal., No. 3:21-cv-00757, 4/22/26 .

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California Brief

Samba TV Stuck With Consumer Suit Over Viewing-Data Disclosure

April 22, 2026, 9:32 AM PDT

Samba TV Inc. must face several claims of a proposed class action alleging it collected and sold consumers television-viewing information to third party advertisers in violation of state and federal privacy laws.

The plaintiffs alleged concrete injuries sufficient for standing to sue in federal court and adequately pleaded claims of invasion of privacy, intrusion upon seclusion, unjust enrichment, and violations of the California Invasion of Privacy Act and the Federal Wiretap Act, Judge Jacqueline Scott Corley of the US District Court for the Northern District of California said Tuesday.

Corley dismissed their claims under CIPA's wiretapping provisions, the Comprehensive Computer Data Access and Fraud Act, and the California Unfair Competition Law. She had previously granted the company's motion to dismiss on jurisdictional grounds in an October 2025 ruling, but gave the plaintiffs leave to amend their complaint.

Samba TV offers technology that enables the personalization of the TV-watching experience and the collection of data for use by marketers and advertisers, according to its website. The plaintiffs alleged that the Samba TV technology embedded in their Sony televisions allowed the company to intercept unique identifiers associated with their TVs and their private video-viewing data without their consent.

Samba TV argued that the plaintiffs didn't have standing to sue because they didn't allege the collection of information that was embarrassing or invasive. Corley said, however, their allegations that it collected and sold detailed video-viewing information based on their political leanings and other private characteristics met the test for standing.

Those allegations also established that they had a reasonable expectation of privacy in the information that was collected, a requirement for stating their invasion-of-privacy claims and their claims under CIPA's eavesdropping provisions, she said.

Samba TV's challenge to the plaintiffs' claims under CIPA's pen-register provisions fared no better. It argued that those provisions applied to telephonic communications only, but Corley said she agreed with the "overwhelming majority" of courts that have held that internet tracking tools meet the definition of a pen register.

The plaintiffs' claims under the Federal Wiretap Act survived despite the fact that Samba TV was a party to the communications being intercepted, Corley said. The party exception didn't apply because the plaintiffs alleged the company intercepted their data for the purpose of committing a crime or tort—disclosing it to third parties in violation of state privacy laws, she said.

Schubert Jonckheer & Kolbe LLP and Lowey Dannenberg PC represent the plaintiffs. Cozen O'Connor represent Samba TV.

The case is DellaSala v. Samba TV Inc. , N.D. Cal., No. 3:25-cv-03470, order 4/21/26 .

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California Brief

Paramount Wins Dismissal of Pluto TV Children's Privacy Suit

April 22, 2026, 10:20 AM PDT

Paramount Skydance Corp. convinced a federal court to dismiss a proposed children's privacy class suit filed over Pluto TV's alleged collection of minor users' data for advertising giants.

The plaintiffs lacked standing to bring claims under the Video Privacy Protection Act and Electronic Communications Privacy Act, Judge Kenly Kiya Kato of the US District Court for the Central District of California said Tuesday. Kato granted leave to amend.

Paramount is no stranger to data privacy complaints over pixel tracking. The Supreme Court will review part of the VPPA in a case where Paramount was a defendant to determine in what contexts consumers are covered by that law. Paramount is also under fire as people raise antitrust concerns over its acquisition of Warner Bros Discovery.

The plaintiffs in this case asserted that disclosing personal information to Microsoft and Google was a violation of their privacy rights.

The court ruled the alleged injury isn't sufficiently related to the disclosure of private information to support a series of claims, including under the VPPA, ECPA, and California's Invasion of Privacy Act. Kato said the plaintiffs admitted the data shared to third parties does not by itself link their watch history to them as individuals and that they failed to sufficiently show the disclosure was embarrassing or invasive.

The injury also fails to sufficiently relate to an intrusion upon seclusion claim. "The Ninth Circuit has flatly rejected Plaintiffs' assertion that viewing history constitutes personally identifiable information," Kato said. And even if the disclosure constituted personal data, the plaintiffs failed to sufficiently allege it was highly offensive.

The plaintiffs also asserted an unjust enrichment claim, alleging the data tracking diminished its value. But there was a mutually beneficial agreement between Paramount and the plaintiffs' parents, negating the central premise of their claim, the court said.

Siri & Glimstad LLP and Srourian Law Firm PC represented the plaintiffs. Weil Gotshal and Manges LLP represented Paramount, The case is Diaz v. Paramount Skydance Corp. , C.D. Cal., No. 5:25-cv-02945, entered 4/21/26 .

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Litigation

Manage Newsletters

Lawsuits, Public Pressure Expected From PFAS-in-Products Reports

April 23, 2026, 2:35 AM PDT

Companies making products with PFAS should prepare for litigation, boycotts, and increased governmental oversight as the trickle of current public information about their products becomes a flood later this year.

The information deluge expected by September results from Minnesota's "Amara's Law," a provision of a broader 2023 environmental law. Then, a similar requirement kicks in due to the PFAS Protection Act that became a New Mexico law in 2025.

In addition to banning over time the sale of products with nonessential uses of PFAS, both laws have consumer right-to-know provisions requiring manufacturers to provide details to state regulators and ultimately the public about products sold or distributed with intentionally added PFAS. Companies must submit information to Minnesota's Pollution Control Agency by Sept. 15. Information must be reported to the New Mexico Environment Department by Jan. 1, 2027.

The association between some PFAS and adverse health effects means the information could be used to compel cleanups, increase regulatory scrutiny, prompt reformulation of products, and spur scientific research, said Lynn Bergeson, managing partner of Bergeson & Campbell PC. "The utility of these data is as broad as the day is long."

But, the information may also be used "by anyone wishing to denigrate, publicly shame, or sue companies even though there's nothing illegal about the use of per- and polyfluoroalkyl substances (PFAS)," she said

The data also provides "free competitive information" to other companies, said Lauren Brogdon, a partner who chairs Haynes and Boone LLP's Crisis Management Practice Group. "The more data that is publicly available, the more people will try and find a competitive advantage."

Minnesota has begun to publicly post information it's received in the database it's using. Data provided includes the company's name, its products, the component part that contains a PFAS, the function of that chemical, and its concentration, when available.

Companies should explore Minnesota's database ahead of the reporting deadline to think through how they'll provide information, said Sarah Amick, special counsel at Wiley Rein LLP, whose specialties include state and federal chemical regulations.

For example, the state requires PFAS information for both internal and external parts of products, but it doesn't require companies to say whether a component is within equipment where there would be less chance of public exposure and therefore less risk, she said. Companies could voluntarily provide that information for the database, Amick said.

Attorneys in interviews highlighted the complexity of providing states slightly different details they've mandated. But ultimately, information on thousands of products is expected to be available because PFAS are widely used to make materials slippery and able to resist heat, water, stains, and corrosion.

Yet PFAS of concern, colloquially called "forever chemicals," resist all natural means of breaking down, lingering in people's bodies where they're linked to problems including a weakened immune system, increased cholesterol, and certain cancers.

Safer Products Bedrock

The information reported will help states, wastewater utilities, and drinking water systems target upstream sources of PFAS, said Jared Hayes, senior policy analyst with the Environmental Working Group, which has raised concerns about this group of chemicals for years.

Consumers will be able to access information about the PFAS in products they use everyday, Hayes said. That lets them make informed decisions and pressure companies to reformulate products or provide better information on packages, he said.

The transparency these laws are driving is the bedrock for efforts to get safer products produced, said Cheri Peele, director of government and market policy at Toxic Free Future. The advocacy group's work includes the Mind the Store campaign, which pushes retailers to eliminate toxic chemicals from products, packaging, and supply chains.

If PFAS are being used despite safer chemicals being available, Toxic Free Future could pressure retailers to include the chemicals on the restricted substances lists they use for suppliers, she said. The advocacy group can also work with state regulators to ban the chemicals or restrict their uses, she said.

If it's unclear whether safer substitutes are available, the data gap can spur research, Peele said. Toxic Free Future has previously worked with state legislators and regulators to encourage them to identify safer substitutes or ban dangerous chemicals in an effort to spur the marketplace to develop alternatives, she said. And it's partnered with other nonprofit groups to provide scientific criteria to determine when a product is safer.

For example, years ago Toxic Free Future partnered with Clean Production Action to develop scientific criteria to help states, fire departments, and other parties select safe, PFAS-free fire suppressants that worked, she said. Colorado, Connecticut, Massachusetts, Michigan, Minnesota, and Washington were among the states that referred fire departments to those "Greenscreen" criteria for PFAS-free fire suppressants.

Corporate Responses

Manufacturers already are looking for chemicals that may substitute for PFAS, Bergeson said.

Meanwhile, as information becomes public, companies should prepare messages for consumers, customers, workers, and other parties, she said. "You have to be ready to say yes, we use this substance in this context and here are the reasons why. We have no reason to think there is a problem here."

There are valid reasons to use PFAS in some components, said Carla Hutton, a senior regulatory analyst with Bergeson & Campbell. "If you've eliminated the noncritical PFAS where you can and the PFAS that remain are there for an essential purpose, just own it."

Companies also should engage litigation counsel early, because the disclosure requirements can have long term effects in court, said Haynes and Boone's Brogdon.

Lawsuits already target products made with PFAS, claiming companies can't advertise a product as sustainable if it contains the chemicals, she said. The new PFAS-in-products data will likely spur more litigation, so manufacturers may want to reevaluate their marketing claims, she said.

Companies should regularly reevaluate reported information and marketing and other claims, said Wiley Rein's Amick. Minnesota's law, for example, requires reporting each year and the information about PFAS in varied components may change, she said.

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Analysis | **Legal Technology**

If Sullivan & Cromwell Can File an AI-Contaminated Brief, Is Risk-Proof Use of the Technology Even Possible?

The Wall Street elite firm filed a brief in a New York bankruptcy case with fictitious and inaccurate citations generated by artificial intelligence, illustrating that no one is immune to the reputational and ethical risks tied to the emerging technology.

April 22, 2026 at 03:58 PM By **Ryan Harroff** **Jon Campisi**

Sullivan & Cromwell office sign. Courtesy photo

What You Need to Know

- Sullivan & Cromwell's co-chair of restructuring admitted that the firm filed a brief in a bankruptcy case that contained fake citations generated by AI.
- The firm is one of multiple Big Law firms to make such a gaffe as a result of artificial intelligence tools in recent months.

- Firm leaders and legal tech experts urge caution in AI usage, and many emphasize the importance of checking every aspect of AI's work product like one would any other brief.

Sullivan & Cromwell isn't the first law firm to have egg on its face after its lawyers were caught filing a court document replete with AI-induced hallucinations. But the fact that the mistake occurred at one of the most prestigious law firms in the world is a stark reminder to the rest of the legal industry of the risks associated with careless usage of the emerging technology.

Sullivan & Cromwell's restructuring practice co-chair Andrew Dietderich had to apologize earlier this week to a bankruptcy judge in the Southern District of New York, after a document filed on behalf of a group of liquidators of British Virgin Islands entities collectively called Prince Global Holdings, included incorrect case citations as well as citations to entirely fictional cases.

Attorneys from Boies Schiller Flexner—who represent another party in the matter—alerted Sullivan & Cromwell to the mistake. Boies Schiller had its own mistake with AI-generated case citations last year in a case it brought against the Church of Scientology, a mistake which caused it to ask a court to let it file a corrected brief months after the fact.

A law firm leader who spoke with Law.com on the condition of anonymity said that mistakes like the one made by Sullivan & Cromwell raise ethical, reputational and economic issues for large prominent law firms. It is not new information that AI hallucinates, the leader said, so the fact that attorneys continue to file briefs with fictitious case citations makes their firm and the industry at large look bad, since, "Rule number one from first year of law school is don't cite fictional cases."

"The reputational concern is that it tells the court you didn't read the case and you didn't cite check your brief," the leader said. "Firms are now getting sanctioned for it so there is an economic concern as well. I think most law firm leaders would agree that the most significant issue is the impact on the reputation and brand of the firm."

The potential reputational damage goes beyond the firm's standing with its peers, of course. The public at large has also taken note of AI mistakes in the legal context and the responses from judges to those mistakes.

Sullivan & Cromwell and Boies Schiller are not the only major firms to catch heat for AI mistakes. K&L Gates and Latham & Watkins have both had their share of AI woes as well. When big firms like these fall victim to these types of mistakes, the name of the game is correction—both in the court and in the public eye.

Damage Control

Joshua Peck, principal at Joshua Peck Legal Communications, said in an interview that Sullivan & Cromwell should be issuing statements to the media and to the public about its citation error in the bankruptcy case. He said that would convey a dedication to taking responsibility for the error and ensuring it will not happen again.

Other than the public statement aspect, Peck said that Sullivan & Cromwell responded to the error in an ideal fashion.

"I think they did almost everything right," Peck said. "The senior person in charge, Andrew Dietderich, he took full responsibility for what went wrong, he identified the source of the problem, what had occurred that shouldn't have occurred, and he even gave credit to another law firm. All of that looks good and noble. I think they did most things right."

Representatives for Sullivan & Cromwell and Boies Schiller did not immediately respond to requests for comment.

Part of the problem behind these AI-related citation errors is the outsized hype for artificial intelligence as a technology. In an interview, a legal tech expert at a global firm said that people are wrongly believing the statements they hear about AI's abilities and, by extension, wrongly trusting the machine to be accurate.

"Given what some people were promising, people were believing that the tool was that powerful," the legal tech expert said. "This is the learning curve. You have to pick your use case wisely and be careful and do a lot of training"

Do the Work Yourself

An office managing partner at a law firm in London said that they expect many firms will be reviewing their AI policies following the Sullivan & Cromwell mistake, which is now one of the higher-profile instances of false citations being filed with a court due to AI reliance.

Gif Thornton, managing partner of Adams & Reese, said in an interview that he hopes AI development will soon leave hallucinations "in the rear-view," but added that until such a time comes it is important for law firm leaders to push for caution in AI adoption.

"Managing partners everywhere are sending the same message, which is that we have to embrace technology and use technology where it advances your practices, in the service of your clients, but you cannot allow it to substitute for your judgment and your thorough review," Thornton said.

Allowing the AI to do the work for you completely is the problem, a practice group leader in New York for a national firm said in an interview. The issue is not necessarily a lack of training on AI, the practice group leader said, but that attorneys need to understand that they still need to do the work of checking what the AI is spitting out rather than using the tools as a way to cut corners.

“Somebody manually has to go and look at every case and every quote, and make sure that it's there,” the practice group leader said. “We always do that. We did that 10 years ago. We did that 15 years ago. I did that as a first year associate. In fact, I did that in law school when I was on law review and did cite checking. So, in some ways, that's not new. What's just new is the allure of the shortcut, you know?”

Oscar Glyn contributed to this report.

News from Bloomberg Terminal

AI Productivity Hype Fails Sullivan & Cromwell, Wall Street

April 23, 2026, 4:30 AM PDT

Summary by Bloomberg AI

AI Generated

- A law firm, Sullivan & Cromwell LLP, apologized for a court filing with AI-hallucinated citations, highlighting the issue of AI errors in professional services.
- The business model of professional service firms, which relies on partners overseeing teams of associates, may struggle to capture the economic gains of artificial intelligence due to the difficulty of verifying AI-enabled work.
- To effectively use AI, professional service firms will need to invest in new verification functions, including new AI tools, staffing models, and training approaches, to handle the increased volume of AI-boosted work products.

By Gautam Mukunda

(Bloomberg Opinion) --

In some professions, artificial intelligence may be a disadvantage.

Photographer: Joe Raedle/Getty Images

A few days ago, the law firm Sullivan & Cromwell LLP apologized to the chief judge of Manhattan's US Bankruptcy Court for a court filing with AI-hallucinated citations. Andrew Dietderich, co-head of the firm's global restructuring group, wrote the judge that the firm's "comprehensive policies and training requirements governing the use of AI tools" had not been followed. A secondary review process also failed. A database of similar incidents that had around 90 entries a year ago now has 1,333. Many are from pro se litigants and small-firm practitioners. Now add one of America's leading firms.

It's unlikely this is just about law firms. Their errors are in public court filings. But all professional service firms, even ones like Boston Consulting Group, Goldman Sachs Group Inc., and the Big Four accountants, have a similar business model – they have partners who oversee teams of associates and check their work. The more associates per partner, the more the partners earn. That's what's known in professional services as leverage, and it's so important that law firms are actually ranked by profits per partner. But this model means they're all going to struggle to capture the economic gains artificial intelligence seems to promise, because partners' ability to supervise and verify AI-enabled work will become the rate-limiting step to the firms' growth.

The model works because even though associates lack partners' expertise, they mostly know when they don't know something and can flag the points in the work they produce that need more senior eyes. Call it an SOS Post-It note. Partners don't have to check every citation and comma. They can focus on the places that genuinely require their expertise, so one partner can oversee 10 associates because the associates' uncertainty tells them where to look.

AI is sometimes wrong. But it's never uncertain. In a September paper, researchers at OpenAI explained why. Language models are trained to suppress uncertainty expression, because "I don't know" scores zero on the benchmarks the field uses to rank models. Legal AI vendors claim they have solved the problem. LexisNexis promised "100% hallucination-free linked legal citations." Thomson Reuters Corp. said its retrieval-augmented system "dramatically reduces hallucinations to nearly zero." They haven't. Stanford University tested them. (Bloomberg Law competes with Thomson Reuters in providing legal news, analysis, and workflow tools to the legal community.) A paper in the Journal of Empirical Legal Studies showed that the three leading legal AI products hallucinate between 17% and 33% of the time. Westlaw's AI-Assisted Research, the worst performer, confidently invented a paragraph of the Federal Rules of Bankruptcy Procedure to support a proposition the Supreme Court has rejected.

AI allows the production of much more material but strips out the crucial signals that made it possible for partners to supervise merely human associates. The verification task that made the whole thing work has changed in both kind (check everything) and magnitude (there's so much more to check). Partners, though, still have the same amount of time, and that will become the choke point to these firms seeing the gains from AI they're hoping for.

Three compounding mechanisms make this hard to fix.

First, incentives. Partners own and run these firms for their benefit. Although productivity gains from AI show up immediately, the risks from missing a hallucination may not show up for years, if at all. This creates a principal-agent problem, because there will be a constant temptation for the partners setting policy to reap the gains and not pay enough attention to the risks. Historically, partnerships have managed principal-agent problems through mechanisms like deferred compensation, reputation enforcement, and up-or-out selection. But all of them assume failure modes that are visible in the short run. AI's is not.

Second, evaluation mismatch. Compensation committees reward visible outputs. A partner who catches three AI hallucinations before they reach a client has decreased their short-run productivity. A partner who pushes AI-assisted work through the pyramid faster looks better. The risk is that firms will select for the partners most enthusiastic about AI, not the ones best at managing it.

Third, the AI-nativity gap. Partners evaluating AI-assisted work are, on average, overseeing output produced by tools they use less fluently than the associates producing it. The distribution is real but bimodal, and the claim is about averages. The usual quality-assurance intuition that makes partnerships work, where the senior partner is more skilled at *every* task than his or her associates, is poorly calibrated for this type of failure.

All of this combines to mean that for professional service firms, there may well be a first-mover disadvantage with AI, not an advantage. Learning how to use AI tools without overloading your verifiers is going to take time. The firms that put the investment in to do so will look worse in the short run because they are investing in verification infrastructure, moving deliberately, and expanding their senior ranks to handle the greater verification burden (which means deleveraging and decreasing profits per partner).

Economists Erik Brynjolfsson and Lorin Hitt found the same pattern with corporate IT adoption in the 1990s. The firms that captured the productivity gains were the ones that invested in organizational complements, not just the hardware. The firms that bought the technology without redesigning around it spent a decade looking productive and ended up behind. Every general-purpose technology has required an organizational innovation that took years to develop. The economic historian Paul David estimated that electricity took about 40 years to produce the factory-floor redesign necessary to reap productivity gains.

Professional service firms will need to focus on building a new version of the all-important verification function that operates at the scale necessary to handle AI-boosted work products. That's likely to involve some combination of new AI tools, changes in staffing models, and new approaches to training for both associates and partners. If they don't do so proactively, they'll be forced via a high-profile failure. Don't believe me? Ask Sullivan & Cromwell.

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- To Make a Unicorn, Mix a Few Workers With Some AI Hype: Dave Lee
- AI Just Might Make Your Job a Lot More Fun: Gautam Mukunda
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Checking In On SQM's Scrutiny

fcpaprofessor.com/checking-in-on-sqms-scrutiny

April 23, 2026

As highlighted in this prior post, in 2017 Sociedad Quimica y Minera de Chile S.A. (SQM) (a chemical and mining company based in Chile with American Depository Shares listed on the New York Stock Exchange) resolved a $30.5 million FCPA enforcement action in relation to alleged conduct with Chilean officials.

The enforcement action included: (i) a DOJ criminal information charging SQM with violating the FCPA's books and records and internal control provisions that was resolved via a deferred prosecution agreement in which the company agreed to pay a $15.5 million criminal penalty; and (ii) an SEC administrative order finding FCPA books and records and internal violations in which the company agreed to pay $15 million civil penalty.

Approximately two years ago, SQM disclosed:

> "The Company is required to be in compliance with all applicable laws and regulations in Chile and internationally with respect to anti-corruption, anti-money laundering and other regulatory matters, including the Foreign Corrupt Practices Act (FCPA). The Company has received a request for information and subpoena from the SEC requesting information related to our business operations, compliance program, and allegations of potential violations of the FCPA and other anti-corruption laws. The SEC has said that the investigation is a non-public, fact-finding inquiry and we are not aware that any conclusion has been reached by the SEC. Management has initiated an internal review to identify materials that are responsive to the SEC's inquiry and is actively cooperating in the SEC's review by providing the information requested."

SQM recently disclosed:

> "The Company is required to be in compliance with all applicable laws and regulations in Chile and internationally with respect to anti-corruption, anti-money laundering and other regulatory matters including the US FCPA Act. In November 2023, the Company received a subpoena from the SEC requesting information and documents related to SQM's mining operations, its compliance program, transactions with third parties and allegations of violations of the FCPA, if any, and other anti-corruption laws. The Company immediately hired experienced lawyers in the United States and Chile, as well as accountants and forensic experts, to respond to the SEC's requests. Along with its advisors, the Company also started an internal investigation into the SEC's areas of interest, conducted under the guidance of outside legal counsel and overseen by the Directors' Committee. To respond to the SEC's subpoena and complete the investigation, the Company has gathered and reviewed a large volume of documents and interviewed its employees, officers, directors, and third parties. It has cooperated with the SEC throughout this process by providing documents and information in response to the subpoena and making its employees available for testimony. Based on the internal investigation so far, the Company has not found any payments that it believes violate the anti-bribery provisions of the FCPA or other relevant anti-bribery statutes. During the third quarter of 2025, the SEC has resumed the investigation after the end of the pause ordered by the US government. The company has also assessed and improved its compliance program, an activity it performs periodically."

News from Bloomberg Terminal

Traders Do Something About the Weather

April 23, 2026, 10:56 AM PDT

By Matt Levine

(Bloomberg Opinion) --

Hair dryer

Financial instruments are derivatives of underlying reality. A share of stock in Apple Inc. represents fractional ownership of Apple's offices and intellectual property and the cash flows from its business. An Apple *option* represents a bet on the future price of that Apple stock. An S&P 500 index fund represents a collection of claims on 500 companies' stocks. A Treasury bond represents a claim on the US government's future ability to collect taxes. A Treasury futures contract represents a claim on the future delivery of a Treasury bond. Oil futures represent the future value of crude oil drilled out of the earth and delivered to certain terminals. An interest-rate swap represents a bet on the future level of some benchmark interest rate calculated from the actual rate charged in some set of lending transactions.

It is *often* true that the underlying reality is, in some loose sense, bigger than the financial instrument derived from it. Apple's stock is quite big, but Apple is bigger. Its $4 trillion stock-market value represents only a fraction of the economic activity involving Apple. If you buy an iPhone for $1,000, maybe $250 of that goes to shareholders; the other $750 goes to Apple's employees and suppliers and other stakeholders. But, also, if you buy an iPhone for $1,000, presumably it is worth more than $1,000 to you. If you use that iPhone to text your loved ones and buy stuff online and write financial newsletters, all of that activity is in a sense downstream of Apple.

More simply, when the financial instrument is a "derivative" in the technical sense — a stock option, a Treasury futures contract — the underlying market is often bigger than the derivative market. An Apple option is a side bet on Apple stock; the stock is the main event. But that is not a law of nature, and sometimes derivatives markets become bigger than the underlying markets. Intuitively, if the underlying market is smaller, then the tail will wag the dog a bit: Instead of the price of stocks determining the outcome of options trades, the options trades will determine the price of stocks. "Futures lead," people sometimes say about the US stock market: Large-scale information about the world is first incorporated into the price of stock index futures, and then changes in the futures prices cause changes in the prices of individual stocks.

Even for individual companies, it's not a law of nature that the company has to be bigger, in my loose sense, than the stock. Arguably the definition of a "meme stock" is that the valuation of a stock has outstripped the reality of the underlying business. At its meme-y peak, Trump Media & Technology Group Corp. did about $4 million a year of economic activity and had a stock market capitalization of $10 billion, though to be fair a lot of economic activity really is downstream of Donald Trump's posts on Truth Social.

Occasionally the underlying reality is quite a bit smaller than the derived financial instrument, and then weird stuff happens. Some classic cases:

- The Indian stock options market is much bigger and more liquid than the Indian stock market, so you can make a lot of money on options by pushing around the stocks. Last year India's stock market regulator accused Jane Street Group of extracting billions of dollars of profit by doing that.
- Libor, the London interbank offered rate, used to be the main benchmark interest rate. By the 2000s, the underlying market that set the Libor benchmark was pretty quiet, and Libor was famously "the rate at which banks don't lend to each other." Banks realized that they could make large profits on their interest-rate swap positions by changing Libor, which didn't even require manipulating some smaller underlying market. Libor was set by calling up banks and asking them their borrowing costs, and they could just say the number they wanted to help their swaps trades. This was a huge scandal and people went to prison for it.
- Credit default swaps are derivative bets on whether a company will default on its debts. In the 2010s, people figured out that a company could "default on its debts" in a technical way that did not create too much real-world trouble for the company or its creditors. And so credit funds would go to companies and say "hey, we own a lot of CDS on your debt and we'd like to you to default, so we'll give you some money to default and it won't cost you anything." The derivative bets had a lot of money at stake, and the underlying default had less reality than people thought, so there were trades to be done. This eventually stopped working; no one went to prison for it, though the Pope did weigh in.
- There was a New Jersey deli with a stock market value of $2 billion. That was real weird.

In general, the more value there is in the derivative market, and the less reality there is in the underlying thing, the easier it is to make money by *market manipulation*. You bet a lot of money on the derivative, and then you easily manipulate the underlying thing to make your derivative pay off.

One, uh, accomplishment of modern prediction markets is that they can, in theory, allow for an arbitrarily large amount of betting on arbitrarily small quantities of reality. You can bet on what words someone will say at a press conference, and make tens of thousands of dollars if you're right. It is possible that Jerome Powell saying "inflation" at a press conference might have enormous economic value in the real world: He helps set interest rates, and his views on inflation can be material to the global economy. But you can have markets like this on any words said by anyone, with no particular requirement of economic materiality. Kalshi will let you bet on whether the announcer in a college football game will say the word "turf."

And so one meta-strategy for trading on prediction markets is to try to find the largest gaps between (1) the amount of money to be made and (2) the amount of underlying reality. And then, you know. Make a big bet, and cause a small change to reality so your bet pays off.

Kalshi, for instance, offers bets on what the settlement price of front-month West Texas Intermediate crude oil futures will be today. There's about $300,000 of volume in those bets, while billions of dollars of WTI futures trade every day. You'd have to spend billions of dollars to move the price of WTI enough to make $10,000 on your Kalshi bet. No one is going to do that.

On the other hand!

France's weather forecasting service has filed a police complaint after detecting anomalies in its temperature gauges at Paris-Charles de Gaulle airport, which coincided with a surge in well-timed bets on prediction market Polymarket.

Météo-France filed the complaint alleging interference with its equipment after temperatures measured at the airport spiked by several degrees Celsius in the space of a few minutes on April 6 and 15. …

Polymarket uses Météo-France data recorded at Charles de Gaulle to settle wagers on the highest temperature of the day in the city. Predicting weather patterns has become a popular activity on the platform.

On April 6, one wallet made $13,990 in profit on a stake of less than $30 after betting that the temperature in Paris would hit 21C. The account, which was opened this month, bought so-called event contracts when their price suggested the probability of a payout was just 0.2 per cent.

On April 15, when the recorded temperature jumped in a few minutes from 18C to 22C before falling back, another wallet made more than $21,000 on a stake of just $119 by betting that the temperature that day would exceed 18C, at a time when the price of the contract suggested a probability of about 0.5 per cent.

On both days, trading volume on Polymarket's "Highest temperature in Paris" market exceeded $500,000 — more than double the typical daily volume for this market.

"A hair dryer at a Paris airport broke Polymarket weather markets & made someone $34,000 richer," tweeted Aaron Mars, though it is not clear that it was actually a hair dryer. The point is that:

1. You can make $21,000 by raising the temperature of one liter of air by 4 degrees Celsius for a few minutes,
2. It costs much much less than $21,000 to raise the temperature of one liter of air by 4 degrees Celsius for a few minutes, and
3. Therefore someone will do it.

Polymarket argues that it is a "truth machine," that the function of prediction markets is to help people to understand and interpret the world by giving quantifiable probabilities of future events. When you are dreaming up a prediction market from scratch, you will tend to focus on the predictive function: People's aggregate guesses about the future, with money on the line, might better predict the future than other methods. But now prediction markets exist and are a big business, so they are not only in the business of *predicting* reality: They're also in the business of changing it. If you can make money by predicting the future temperature of some sensor, the *obvious trivial* way to do that is to warm up the sensor. (I mean: Probably illegal! "Readings from the site are important for the safe operation of the airport"! But still.)

I have half-joked that the prediction markets should hire philosophers to help figure out how to interpret and resolve events. But as Marx says, "the philosophers have only interpreted the world, in various ways. The point, however, is to change it." With a hair dryer!

Elsewhere: "Kalshi is suspending 3 congressional candidates for betting on their own elections."

Hedge fund pay confidentiality

One model is that multimanager multi-strategy hedge funds, or "pod shops," are essentially in the business of hiring, paying and firing hedge fund managers. The thing that a pod shop does is not so much "buy and sell stocks and bonds to make money for investors," but rather "hire and fire portfolio managers." The *portfolio managers*, sure, are in the business of buying and selling stocks and bonds to make money, and the pod shop supervises and enhances their business in various ways. But the portfolio managers are to some extent a black box, just inputs to the pod shop's business. The portfolio managers do the portfolio managing, and the pod shop is a layer of abstraction above them.

I am probably overstating things. For instance, if a portfolio manager leaves one hedge fund to go to a different hedge fund, and she starts doing a strategy at the new fund that she did at the old fund, occasionally the old fund will sue the new one for stealing its intellectual property. That is, the strategy itself — the stocks and bonds she's buying, and the methods she uses to buy them — is part of the old fund's secret sauce; it belongs not solely to the portfolio manager but also to her employer.

Still, if you take seriously the idea that the pod shops are essentially in the hiring business, then you might think that their secret sauce *is the hiring*. The essential thing that they do, that others can't do, that gives them their competitive advantage, that makes their founders rich, that they guard as their most precious secret, is finding portfolio managers and structuring and negotiating their pay packages.

In the real world, the way job negotiations often work is:

1. You're happily employed at a job.
2. A competitor comes along and says "you seem great, we'd like to hire you."
3. You very sneakily talk to the competitor while still doing your job.
4. Eventually you work out a deal with the competitor, where they will pay you 50% more than your current job pays.
5. Then you go to your current employer and say "hey, I have an offer from a competitor to pay me 50% more than you pay me, I hate to leave but."
6. Your employer says either "so leave you traitor" or else "no, we can't lose you, we'll pay you 60% more."
7. If your current employer beats the new offer, you stay.

Fine, normal. [1] But notice that, if you're a hedge fund portfolio manager, in Step 5 you are *giving away the competitor's secret sauce to your current employer*. The competitor's most secret and important competitive information is how it hires and pays portfolio managers, and you're just *telling* your employer that! Shocking. Obviously, in Step 3, the competitor should demand that you sign a nondisclosure agreement, promising never to disclose their competitive information, such as for instance what they're offering you.

But then you … can't negotiate a counteroffer? Like you go to your current employer and say "I have an offer from a competitor, so I'm leaving," and your current employer says "who?" and "how much?" and you say "I can't tell you," and your current employer has to guess? "Would $10 million be enough to keep you?" "Getting warmer."

I'm mostly kidding but Bloomberg's Chris Dolmetsch reports:

Schonfeld Strategic Advisors sued Millennium Management portfolio manager Adam Grunfeld for allegedly reneging on a deal to jump ship, claiming he owes $11 million for failing to live up to the agreement. ...

According to the suit, Grunfeld expressly agreed to pay $11 million if he backed out of the deal but has refused to do so. Schonfeld is also seeking unspecified damages for Grunfeld's alleged confidentiality violations, claiming he engaged "in a blatant effort to leverage Schonfeld's contractual commitments to renegotiate improved terms for himself at Millennium."

I mean! That's how job negotiations work? You blatantly leverage your new offer to renegotiate improved terms for yourself at your current job? Do people not do that? Anyway here's the complaint, which supports the model that the business of a pod shop is finding the right portfolio managers:

Defendant is a highly specialized portfolio manager possessing unique investment judgment, strategy design, and capital deployment expertise developed over many years. His anticipated role at Schonfeld was specifically tailored to his individualized trading strategies, risk management approach, and performance history, which are not fungible or readily found among the pool of other professionals.

Schonfeld says that Grunfeld signed a confidentiality agreement covering "Confidential Information," which "includes, but is not limited to …business strategies … and any other non-public information concerning the Company's Businesses." Schonfeld argues that he breached that agreement when he "disclosed the terms of his Employment Agreement and related negotiations to his current employer, Millennium Management LLC ("Millennium"), a direct competitor of Schonfeld."

I feel like it can't really be the norm that hedge fund portfolio managers are not allowed to use one fund's offer to negotiate a better deal from another fund. But I get why the funds might think it should be.

Polymarket vs. Kalshi

I wrote in 2023 about two crypto exchanges, Binance and Coinbase. Coinbase Global Inc. was a US public company, headquartered in New York, incorporated in Delaware and listed on the Nasdaq; it had an international customer base but put a lot of effort into serving US customers in a regulatory compliant way. [2] Binance was famously located nowhere, and most of its business was an international exchange that was off-limits to US customers, though its chief compliance officer once told colleagues "we are operating as a fking unlicensed securities exchange in the USA bro."

At the time, US regulation of crypto was onerous and uncertain and also *important*, in the sense that the US has a lot of money and a lot of interest in crypto, so figuring out whether and how to serve the US market really mattered to a crypto business. Binance and Coinbase took diffferent approaches. Coinbase tried to establish itself as a good citizen, offer products that complied with US law and work with US regulators so that it could be the leader in the US market. Binance tried to manage its US regulatory risk mostly by avoiding the US and swearing over email. The US regulators clearly didn't like crypto, so what was to be gained by trying to work with them?

I wrote about this in 2023 because the US Securities and Exchange Commission brought fairly similar and near-simultaneous lawsuits against Coinbase and Binance, accusing them of operating unlicensed securities exchanges. Two different approaches, but to the same place. Binance, it seemed to me at the time, was *right* to more or less give up on US regulation.

This was a decision that a lot of crypto-adjacent companies had to make, back in 2023. You could try to work with US regulators, knowing that the US regulators hated you and would be hard to work with. Or you could establish yourself in a foreign jurisdiction, declare yourself off limits to US investors, and winkingly encourage them to use VPNs to access your platform.

The former approach — the Coinbase approach — was tedious and hard to scale; the latter approach — the Binance approach — was fun and exciting and made people rich. But the Coinbase approach was essentially a bet that, *in the long run*, the US would come around. US crypto regulation would be relaxed, and there would be billions of dollars to be made doing crypto in the US. But US crypto regulation wouldn't *disappear*, and the billions of dollars would be made by the people who had established their US regulatory bona fides and painstakingly signed up US customers and could work with the regulators. You wanted to be one of those people, frustrating though it was in 2023.

More bluntly, the Coinbase approach was a bet that Donald Trump would win the 2024 presidential election and then the floodgates would open for crypto. This bet was correct.

Same *exact* analysis for prediction markets, with "Kalshi" for "Coinbase" and "Polymarket" for "Binance." Bloomberg's Annie Massa, Emily Nicolle, Isis Almeida and Katherine Doherty report:

Polymarket, the long-time leader in prediction market trading volume, has fallen behind its chief rival as it faces a growing list of operational stumbles in its attempt to reach a crucial audience: US customers. ...

For most of the last few years, Polymarket had more trading volume than any other prediction market exchange, and it continues to grow and attract as much attention as any player in an industry it dominates along with Kalshi Inc. Recently, though, its global trading volumes have been eclipsed by those of its main rival, according to user-compiled data on Dune Analytics. …

An anything-goes spirit pervades the prediction market space and no purveyor — including Kalshi — has been immune to growing pains, as state officials fight to shut down the exchanges in court and critics accuse them of escalating a gambling epidemic.

But while Kalshi has recently gone to pains to paint itself as a friend to regulators and big institutions, Polymarket has stood out for its willingness to buck regulatory and financial conventions. It has let customers wager on topics — like war and nuclear detonations — that its competitors and some lawmakers have said should be illegal. It has also been slower than rivals to crack down on insider trading and continues to rely on a blockchain network on its offshore exchange that allows users to operate pseudonymously.

Right, again, in 2023, it was entirely reasonable to think "prediction markets are never going to work under US regulation, so we're going to focus abroad, ignore US rules, and winkingly encourage US traders to use VPNs." Trying to run a prediction market under US derivatives regulation was a bummer, and doing stuff on the blockchain for an international clientele was better for volumes. But in 2026, the situation is reversed, and Kalshi has a significant first-mover advantage in the US.

Three points here:

1. It's fine. Binance is fine, Polymarket will be fine, and the advantage of being the most upstanding regulatory citizen, in 2026, is not that great. It's not exactly that there are no rules now, but it's a little like that.
2. I don't think Polymarket's bet was *bad*. Nobody really expected that the US would just universally legalize sports gambling on prediction markets, which is what gave Kalshi its current edge. "The US will be a regulatory slog forever so let's just be on the blockchain" was a reasonable thing to think.
3. That said! These are prediction markets! You know!? Kalshi could have hedged its US-is-a-slog risk by buying a bunch of "Harris Wins 2024" election contracts, which would have paid out a lot of money if the US continued to be a slog. Polymarket could have hedged its US-will-boom-without-us risk by buying a bunch of "Trump Wins 2024" election contracts, which *did* pay out when US prediction markets turned the corner into their golden age. ("Prediction Markets Are a Thing Now," was my headline two days after the 2024 election.) I am generally skeptical of the idea that election contracts are a good hedge for most companies' actual business risks, but they really would have been a great hedge for *prediction markets'* business risks.

Oh Chicago

The Chicago Maroon reports:

At 1:30 p.m. on April 17, a group of undergraduate students identifying themselves as "UChicago For Our Future" gathered on the main quad, handing out onions to protest the 1958 Onion Futures Act.

The 1958 law prohibits the trading of onion futures contracts, making the bulbs the only type of agricultural product banned from futures markets in the United States.

To draw attention, the group brought approximately 100 raw onions to the quad in a large cart. They encouraged passersby to participate, saying that any student who ate an entire onion would be featured on their website. About 20 students attended the event, while others took onions as they passed through. The group also collected 131 signatures on a petition to repeal the law.

I feel like you might see a protest like this at Oberlin as a joke, but at the University of Chicago market distortions are deadly serious and the protest was in earnest. Maybe:

"It's always filled me with fury that we accept such odd minuscule policies that really are just odd market distortions," second-year Adam Ash, a member of the group, said. "Even if one specific issue seems minute or minuscule and trivial, what matters is a combination of all of these. It's a death by a thousand cuts to our agricultural policy." …

The group's Instagram account was later banned, which Ash claimed was the doing of "the corn lobby."

Okay maybe a joke?

Things happen

Avis Shares Plunge 62% in Two Days in Crashing Halt to Rally. Inside the White House Deliberations Over Rescuing Spirit Airlines. Trump Encourages Companies Not to Seek Tariff Refunds. JPMorgan Readies Fresh Private Credit Push After Needling Market. U.S. Officials Try to Get a Grip on Risks Bubbling Inside Private Credit. Blackstone, KKR Move to Restructure $1.4 Billion Private Loan. Man Group hit by single $6.1bn redemption. Anthropic and Freshfields agree deal to create legal AI tools. The Billionaire Math Geek Who Turned AI Into a Money-Printing Machine. Hedge Fund Founder Leverages Long Naps, Jogging to Beat Market. Drinks Are So Expensive That Grown-Ups Are Pregaming Like They Did in College. Trump envoy seeks to replace Iran with Italy in football World Cup.

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1. You can quibble, and there is a school of thought that if you take a competitive offer to your current employer then that will undermine trust so much that your career will never recover, so you have to leave even if your employer matches. I don't think hedge funds work that way though!

2. Most of these things are still true, but now it is incorporated in Texas.

Securities

US Accounting Board Weighs Hedging Model, Cash Flow Details (1)

April 22, 2026, 11:48 AM PDT; Updated: April 22, 2026, 1:43 PM PDT

The US accounting board launched an effort focused on expanding a financial reporting technique that captures companies' risk-management moves in financial statements.

The Financial Accounting Standards Board voted Wednesday to add a project to its technical agenda on extending what's known as the portfolio layer method to financial liabilities in hedge accounting guidance, following banking and insurance industry feedback. Board members agreed there are feasible solutions to improve the US rulebook, called generally accepted accounting principles, or GAAP.

"From a big picture perspective, I think we continue to hear that allowing more flexibility to narrow the gap—no pun intended—in reflecting entities' risk management strategies in the financial statements would be a benefit and provide transparency to investors," board member Susan Cosper said.

Expanding the method to liabilities would better reflect the risk management activities insurance companies use, providing investors with more useful information, the American Council for Life Insurers said in a 2024 agenda request.

Board members discussed the topic in February when they agreed to a phased approach to future work on hedge accounting.

Hedging is a strategy that aims to mitigate investment risks. Companies use a fair value hedge to manage an exposure to changes in the current market value of a recognized asset or liability, such as fixed-rate debt.

FASB in 2022 expanded the portfolio layer method that was initially developed to address challenges financial institutions faced in applying fair value hedge accounting. The method allows businesses to designate a part of a closed portfolio of financial assets as the hedged item in a fair value hedge.

The method currently only applies to portfolios of financial assets or beneficial interest. Still, banking and insurance industry groups have raised questions about whether it could be extended to liabilities where similar prepayment risks exist, according to board staff.

Board staff said Wednesday they plan to use the category of financial liabilities as a "starting point" for the project's scope from which they can do further research and outreach.

It will be important to make sure the board is clear and precise with the public about what falls into the project's scope, FASB Vice Chair Hillary Salo said.

Cash Flows

Separately, an overwhelming majority of board members agreed to remove a project focused on targeted changes to certain companies' statement of cash flows.

The statement tracks businesses' cash movements through three main sections: operating, investing, and financing activities.

The board added the project to its technical agenda in November 2023 to reorganize the statement for banks and financial institutions, following feedback that the industry's investors and analysts don't find the statements useful.

FASB staff told the board Wednesday they've been unable to identify a path forward for the project following mixed public input. Still, staff plan to bring back additional feedback related to the cash flows statement at a future meeting.

Moving forward, FASB still has a research project focused on general improvements to the cash flow details.

FASB Chair Richard Jones said he supports considering financial institutions as part of the broader research. He also said the board should consider potentially replacing the statement of cash flows.

"We're going to continue to have these challenges and maybe what we really should be focused on is supplemental disclosure of useful cash flow information for entities and step aside from this statement that's caused us problems over the years," Jones said. "But that can be a discussion in another day."

(Updates with section on the board's discussion about the statement of cash flows starting in paragraph 11.)

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Exclusive: SpaceX IPO filing shows Elon Musk can retain board control

reuters.com/sustainability/boards-policy-regulation/spacex-ipo-filing-shows-elon-musk-can-retain-board-control-2026-04-23

Jeffrey Dastin, Ross Kerber, Echo Wang April 23, 2026

Item 1 of 2 SpaceX Chief Engineer Elon Musk takes part in a news conference at the SpaceX Starbase, in Brownsville, Texas, U.S., August 25, 2022. REUTERS/Adrees Latif/File Photo

[1/2]SpaceX Chief Engineer Elon Musk takes part in a news conference at the SpaceX Starbase, in Brownsville, Texas, U.S., August 25, 2022. REUTERS/Adrees Latif/File Photo Purchase Licensing Rights, opens new tab

- SpaceX to have 'controlled company' status after going public, not requiring majority independent board
- Musk and insiders to hold super-voting shares that outweigh other investors
- Board to oversee compensation tied to ambitious milestones such as Mars colony and space data centers

SAN FRANCISCO / BOSTON, April 23 (Reuters) - SpaceX is telling prospective investors its board will not need a majority of directors who are independent of the company, according to an excerpt of its IPO filing reviewed by Reuters, underscoring how founder Elon Musk is retaining control of the rocket and artificial intelligence maker.

In a departure from the vast majority of public companies, SpaceX said it would maintain "controlled company status" after its $1.75 trillion IPO, expected this summer. That means it will not need a majority of it board to be independent, nor need independent compensation and nominating committees, the filing excerpt showed. It only must have an audit committee composed entirely of independent directors, the document stated.

A 2024 study by the National Association of Corporate Directors found that just 3% to 4% of the Russell 3000 index was comprised of firms where insiders constituted a board majority.

SpaceX may still choose to add independent directors. One precedent is Meta Platforms (META.O), opens new tab , a peer technology company whose CEO's majority voting power gives it a "controlled company" status under Nasdaq rules. Meta has continued to have most of its directors be independent, nonetheless.

SpaceX did not immediately return a Reuters request for comment on the filing.

The news follows Reuters reporting that found Musk and a small group of insiders have super-voting shares that would outweigh other investors.

Having a like-minded board is not new for Musk. While his electric carmaker Tesla lists a majority of its nine directors as being independent under Nasdaq standards, many critics have raised concerns that the board - which includes Musk's brother Kimbal and former Tesla Chief Technology Officer JB Straubel - remains too close to the CEO.

Those concerns have contributed to a long cycle of complaints at Tesla such as a judge's 2024 ruling to rescind Musk's $56 billion pay package on the grounds the board lacked independence when it awarded the pay in 2018. Musk won a ruling restoring the pay in December.

On the other hand, having controlled company status could give SpaceX more flexibility to strike pay arrangements, said David Larcker, a Stanford University professor who follows corporate governance.

The status "seems to alleviate some of the things that have been legally painful for Tesla," Larcker said.

SpaceX's board will oversee potentially huge amounts of compensation for Musk according to related parts of the document, which outline market capitalization milestones of as much as $7.5 trillion as goals for restricted stock payments to vest.

The document also states the board at different points established vesting goals such as "the Company's establishment of a permanent human colony on Mars with at least one million inhabitants," and the completion of "non-Earth-based data centers capable of delivering 100 terawatts of compute per year."

Reporting by Jeffrey Dastin in San Francisco, Ross Kerber in Boston and Echo Wang in New York; Editing by Kenneth Li and Kim Coghill

Musk sounds cautious tone on robotaxis amid slower-than-expected rollout

reuters.com/business/autos-transportation/musk-sounds-cautious-tone-robotaxis-amid-slower-than-expected-rollout-2026-04-23

Chris Kirkham, Abhirup Roy April 23, 2026

A Tesla robotaxi drives on the street along South Congress Avenue in Austin, Texas, U.S., June 22, 2025. REUTERS/Joel Angel Juarez/File Photo Purchase Licensing Rights, opens new tab

- Musk adopts more cautious tone on robotaxi rollout, citing safety and technical issues
- Analysts note delays and slower-than-expected progress for Tesla's autonomous vehicle ambitions
- Most analysts signal patience, as Tesla says safety is top concern

LOS ANGELES, April 23 (Reuters) - The rollout of Tesla's fledgling robotaxi business is going more slowly than expected, several Wall Street analysts said, following an uncharacteristically downbeat update from CEO Elon Musk.

Musk over the past year has outlined an aggressive expansion plan for Tesla's autonomous ride-hailing operation. During Tesla's first-quarter earnings call Wednesday, he struck a more cautious tone.

Musk told investors he hoped to have robotaxis and driverless vehicles in "a dozen or so states" by the end of the year, and said the company is taking a "cautious approach" to avoid injuries or fatalities. He offered no new details about a robotaxi expansion to Dallas and Houston that Tesla announced on social media last weekend.

That was a change from last July, shortly after Tesla launched a small-scale pilot robotaxi network in Austin, Texas, when the CEO said robotaxis would be available to "half the population of the U.S. by the end of the year" and increase at a "hyper-exponential rate."

MUSK HAS MISSED PAST SELF-DRIVING TARGETS

Analysts said Tesla is likely contending with the difficult ground game of launching self-driving vehicles at scale – problems that competitors such as Alphabet's Waymo have been navigating for years as they test the technology across the country. Much of Tesla's $1.5 trillion market value is tied to investors' belief that it will soon operate a vast fleet of robotaxis and sell millions of autonomous-driving software subscriptions.

William Blair analysts described Wednesday’s earnings call as “low energy” and said Musk “struck an unfamiliar tone—reserved and cautious—about his usual favorite subjects.”

“The robotaxi rollout has been far slower than expected,” they wrote.

Musk has a long history of unfulfilled promises around self-driving vehicles stretching back a decade. In January 2025, he acknowledged being known as “the boy who cried wolf” on driverless technology, before adding: “There's a damn wolf this time, and you can drive it.”

It was clear from Wednesday’s call that the expected timelines around a large-scale robotaxi expansion are getting pushed back.

During an April 2025 earnings call, Musk said robotaxis would become material to Tesla’s bottom line by “the middle of next year.” On Wednesday, he said robotaxis would likely “not be super material this year,” but “will be material probably in a significant way next year.”

Tesla plans to build its robotaxi business around the Cybercab, a two-seater vehicle designed to be fully autonomous, without a steering wheel or pedals.

Musk said Wednesday that Tesla had begun Cybercab production, but reiterated that initial production “will be very slow.” He said “exponential” growth of Cybercab would happen “towards the end of the year and certainly next year,” adding that it eventually would account for "most of our production long term."

Musk also got into the nitty-gritty challenges of rolling out driverless technology at scale. On last April’s call, he said he was confident there would be “millions of Teslas operating autonomously” in the second half of 2026. This time, he said it didn’t make sense to deploy the technology widely ahead of a forthcoming software update that will improve safety.

“The limiting factor for expansion is really rigorous validation, making sure things are completely safe," Musk said.

ANALYSTS PARSE TESLA'S LATEST TIMELINES

Some analysts took the delays in stride.

Morningstar analyst Seth Goldstein said he believes Tesla is being cautious because "the stakes are very high." "They don't want to risk an incident because they weren't extremely safe and weren't 100% confident," he said.

Analysts at Morgan Stanley, who have been bullish about Tesla’s self-driving ambitions, wrote after Wednesday’s call that robotaxi is “progressing slower than investor expectations,” limiting the “near-term upside” to Tesla’s stock price.

Tesla shares were down more than 3% in afternoon trading Thursday.

Barclays analysts noted Tesla still has only a “nominal number of driverless vehicles” and that “investors are awaiting a more significant increase.”

Garrett Nelson, an analyst at CFRA Research, said he believes investors will continue to give Musk a pass if he misses some of the lofty robotaxi expansion targets, as long as the company demonstrates in a few markets that the business is "scalable."

"People who have been following the story for years know that things happen on Elon time," Nelson said.

Reporting by Chris Kirkham in Los Angeles and Abhirup Roy in San Francisco. Editing by Mike Colias and Nick Zieminski

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

California Brief

Musk Offers Amends for Teslas Lacking the Ability to Self-Drive

April 23, 2026, 5:06 AM PDT

Countless Tesla Inc. customers who paid thousands of dollars for autonomous-driving capability lack the necessary hardware in their vehicles, leading Elon Musk to outline options for redress that likely will be costly for the company.

The chief executive officer acknowledged during Tesla's quarterly earnings call Wednesday that millions of cars were built with computers and cameras that aren't up to the task of driving without human supervision. The shortcomings apply to an older set of equipment, called Hardware 3, that Tesla installed in vehicles from early 2019 through early 2023.

"I wish it were otherwise, but Hardware 3 simply does not have the capability to achieve unsupervised FSD," Musk said, referring to the suite of features Tesla markets as Full Self-Driving.

To make amends with customers who bought FSD for cars that are deficient, Tesla will offer two options. The first will be to trade in their vehicle for a new model with upgraded hardware, Musk said. Alternatively, owners will be able to take their car in to small factories the company will set up in major metropolitan areas for retrofits.

Read More: Tesla Boosts Spending Plan to $25 Billion for AI, Robotics Push

"If it's done just at the service center, it is extremely slow to do so and inefficient," Musk told analysts. Tesla will need "many production lines" to replace the computer and cameras on board the vehicles, he said.

Musk didn't address how many customers will be eligible for the trade-ins or retrofits, or offer details including where the microfactories will be located. He and several other Tesla executives didn't respond to emailed follow-up questions.

Tesla shares erased after-hours gains during the company's earnings call and fell as much as 3.6% before the start of regular trading Thursday. The stock has fallen 21% from a record high in mid-December.

'F–k this coin': Trump set to attend memecoin conference after 96 percent wipeout

politico.com/news/2026/04/23/crypto-traders-disenchanted-trump-memecoin-00888035

Declan Harty April 23, 2026

A Mar-a-Lago conference for top investors in Donald Trump's $TRUMP crypto token featuring the president himself is drawing much less trading than a similar event last year.

PHOENIX, ARIZONA - APRIL 17: U.S. President Donald Trump speaks during a Turning Point USA event at the Dream City Church on April 17, 2026 in Phoenix, Arizona. The event was titled "Build the Red Wall", intended to turn out young voters for the midterm elections. | Win McNamee/Getty Images

President Donald Trump's memecoin was once the talk of Washington. No more.

Eleven months ago, a gala dinner for major investors in the cryptocurrency token set off a buying frenzy from MAGA-loving crypto traders, outrage among Democrats and a headline-grabbing protest at the event. But a similar event planned for Saturday at Mar-a-Lago is highlighting a growing disenchantment with Trump's crypto ventures.

Over the last year, investors have shunned the so-called $TRUMP memecoin, a type of collectible crypto token whose logo depicts Trump raising his fist in the air and the words "Fight Fight Fight." The memecoin is currently down more than 95 percent from its January 2025 high. Just a handful of lawmakers have publicly bashed the conference. And ethics watchdogs are only now starting to bark about it.

“Nobody likes it,” said Morten Christensen, a crypto investor who still plans to attend the Mar-a-Lago event and was at the 2025 dinner. “People are losing on the coin, and they are vocal. They are the people on Twitter like, ‘Fuck this coin’ or ‘It’s a scam.’ And they’re right, basically.”

Launched just days before his inauguration, Trump’s memecoin is overwhelmingly held by two entities: an affiliate of the Trump Organization and a company run by Bill Zanker, a longtime Trump business partner. Both collect fees on the memecoin’s trading, according to its website.

Memecoins are a highly volatile type of crypto token that generally have no inherent value and trade based on online fervor. The tokens have struggled for much of the last year, amid a broad crypto market sell-off. But Trump’s other recent ventures haven’t fared much better.

Shares in Trump Media & Technology Group, the Truth Social parent company, have crumbled 75 percent since Trump’s inauguration. On Tuesday, the company announced it was replacing Devin Nunes, a former Republican lawmaker, as CEO. Meanwhile, Justin Sun, a once-major backer of World Liberty Financial, the crypto company with ties to the Trump family, sued the company Tuesday.

And while Trump-linked companies have continually attracted scrutiny, the reality is that the “shock value” is less than what it once was more than a year after Trump’s return to power, said Public Citizen co-President Lisa Gilbert, whose advocacy group helped plan last year’s protest. She said the Washington-based advocacy group is not planning a protest outside of the event this weekend, citing in part the challenge of organizing something in Florida versus in Virginia, where last year’s event was held.

“He’s normalized his corruption,” said Sen. Richard Blumenthal, a Connecticut Democrat, in an interview. The Mar-a-Lago event is “simply another way to generate more money for himself, profiting directly from his office,” he said. “A lot of people have become inured to it.”

Spokespeople for the White House and the Trump Organization did not respond to requests for comment, nor did the memecoin event’s organizers. The White House has previously dismissed claims that Trump faces conflicts of interest, saying that he only acts in the American public’s best interests.

Investors have been pulling back on speculative assets for months and in crypto, that means memecoins, said David Grider, a partner at the investment firm Finality Capital Partners, who added that the tokens are "very out of favor right now."

The Mar-a-Lago event is being advertised as "THE MOST EXCLUSIVE CRYPTO & BUSINESS CONFERENCE IN THE WORLD!" It is open to the top 297 $TRUMP investors, who will get the chance to hear from an eclectic lineup of speakers that includes several crypto executives, boxing legend Mike Tyson, motivational coach Tony Robbins and Trump, who will speak during the event's luncheon, according to promotional materials. He is expected to be in Washington later in the day for the White House Correspondents' Dinner.

34:06

Why Steve Hilton thinks he can turn California red

Trump's memecoin soared to as high as $75 shortly after its debut. And the 2025 dinner only fanned the interest. Nansen, a crypto analytics firm, shared data with POLITICO showing that more than $12.9 billion traded hands in the token through decentralized crypto trading platforms in the immediate run-up to the 2025 dinner. But this year's contest only drew $1.4 billion in volumes.

As of April 2025, the Trump family and its partners had made $320 million in memecoin-related trading fees.

Ogle, a cybersecurity expert and crypto founder who does not publicly release his name, was a top 25 holder in the memecoin last year. But he's not attending the Mar-a-Lago event, he said. He sold off his $TRUMP tokens in the last year, and while Trump crypto events can be "quite fun," he said, "there's enough other stuff going on in my life right now that I don't need to make a trip down to West Palm Beach."

"There's a novelty factor to the first experience," he said. "If you have a baby, the first one is surprise and confusion and all the other things that go with it. And then the second one, your body has a little bit less of a freak-out reaction."

Even once-loud critics on Capitol Hill are staying away. A senior Democratic Senate aide, who was granted anonymity to speak freely, called the event "horrible and awful." But, the aide said, "people see it for what it is: a con."

“This has slipped to the bottom of the barrel,” the aide said. And with an ongoing war in the Middle East, budget reconciliation and the rise of the prediction markets, which have attracted new corruption and ethics concerns, the aide added: “It does not feel like this should rise to the top.”

There is still outrage about Saturday’s event, of course. Democrats and ethics watchdogs have long said they are aghast that the president’s business empire is expanding in an industry that he was actively promoting from the Oval Office.

A trio of Senate Democrats that included Sens. Elizabeth Warren of Massachusetts, Adam Schiff of California and Blumenthal pressed Zanker in a letter earlier this month for details about the extent that Trump was involved in the planning. Lawmakers are also pushing to include new ethics guardrails in a pending crypto bill in the Senate that, they hope, will rein in Trump’s crypto businesses.

Some investors are excited, too. Vincent Deriu, a consultant from New York who will be in attendance, told POLITICO that the Mar-a-Lago event is “the next progression” in the evolution of the $TRUMP memecoin. He said the token, if combined with Trump’s other businesses, could help create a new Trump “conglomerate” that reaches across the technology, crypto and financial industries.

“The Trump memecoin is being slept on,” Deriu said. “People don’t realize it’s the memecoin, more or less, of the president of the United States.”

Who will be in attendance at the Mar-a-Lago event, beyond those who have divulged their plans, is not clear. Attendees must pass a background check, according to the event’s website. There will also be no private meetings with Trump.

A leaderboard on the event’s website shows a list of the 297 accounts holding $TRUMP who secured a spot, though the No. 1 account is named “Sun.” A spokesperson for Sun, a self-proclaimed ardent Trump supporter who was the top $TRUMP holder at last year’s dinner, did not respond to a request for comment on whether the account is his or if he will be in attendance. On Tuesday, Sun sued World Liberty Financial over his frozen holdings of the company’s crypto token, WLFI. World Liberty has rejected the claims.

For Christensen, who lives in Cancun, Saturday is an opportunity to “shake some hands with some important people” with the hope of boosting his own company, AirDropAlert.com. He said he is also making “a weekend” out of the trip with a visit to friends in Miami as well.

But he’s not going into Mar-a-Lago with any expectation that Trump is going to revive his memecoin’s trajectory.

“This is just another thing,” he said. “I don’t expect anything because last time, he didn’t say anything. But I will be ready if he does.”

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GM Must Face MDL Wiretap Claims Over OnStar Devices

By **Chart Riggall**

Law360 (April 22, 2026, 8:58 PM EDT) -- A Georgia federal judge Wednesday narrowed the scope of claims filed on behalf of a proposed nationwide class of 16 million drivers whose OnStar driving data was allegedly used to spy on them, while largely preserving the wiretapping allegations at the heart of the suit.

In a 200-plus page order, U.S. District Judge Thomas Thrash said that General Motors and OnStar, along with data firms Verisk and LexisNexis Risk Solutions, must largely face allegations that GM used the onboard devices as nodes in a massive driver data mining operation.

Rejecting claims from the defendants that the 627-page complaint constituted a shotgun pleading, Judge Thrash said the allegations met all the required elements for a federal wiretapping claim. The data transmitted, he ruled, constituted protected electronic communications, while questions over consent and GM's role in the chain of information could not yet be answered.

"Additional facts interspersed throughout the amended complaint also show that GM was aware of the complications that arise from siphoning consumer data and engaged in the conduct anyways," Judge Thrash wrote. "On these facts alone, the plaintiffs have met their burden within the amended complaint to survive this argument of the GM defendants' motion to dismiss."

The same went for the plaintiffs' claim under the Stored Communications Act, ruling that it appeared from the allegations that it was GM, and not drivers, that largely controlled the operations and storage functions of the devices, or "facilities" under the statute.

"Therefore, the court will not dismiss the SCA claim because the plaintiffs allege sufficient facts for the [OnStar devices] to plausibly be 'facilities.' The necessary facts to make the final determination are likely to be revealed through discovery," he wrote.

All told, Judge Thrash dismissed or partially dismissed 29 of the 65 counts in the complaint.

The ruling Wednesday came nearly two years after the Judicial Panel on Multidistrict Litigation **consolidated** a slew of proposed class actions over GM's alleged privacy abuses in the Northern District of Georgia.

The cases — filed in states including California, Florida, Michigan, New York and Pennsylvania — accuse GM and OnStar of using the onboard driver assistance devices to collect reams of data on consumers' driving habits. That information was then sold to companies like LexisNexis and Verisk, which in turn passed it along to insurance companies, the plaintiffs contend.

As a result, the drivers say they faced not only invasions of their privacy, but saw their insurance premiums jacked up thanks to unfair representations about their driving.

Over a year ago, the defendant companies **argued** that the suit should fail, writing in a series of briefs that driving data is public because driving happens on public roads.

"Plaintiffs allege that the driving data was collected from their vehicles as they drove on public roadways," according to a brief LexisNexis and Verisk filed. "Courts consistently hold there is no reasonable expectation of privacy in driving activity on public roads."

And at a **hearing in 2025**, they told Judge Thrash that wiretapping claims rely on a third party intercepting two parties' communications in real time, whereas here, GM was an intended part of the data transmissions.

"No court has ever applied the Federal Wiretap Act this way," said King & Spalding LLP's David Balser. "It doesn't matter whether plaintiffs knew they were communicating with GM or consented to doing so. What matters is that GM was a party to the communication."

Counsel for the plaintiffs, however, said they were the victims of a bait and switch given that OnStar was pitched as a driver assistance tool.

"[Onstar] was not sold on the basis that we're going to listen to and record everything that happens to you, and sell it," added Roy E. Barnes of the Barnes Law Group LLC, who also represents the drivers. "It's about the right you have to drive a car and not snoop on you, and make money off that snooping."

In addition to preserving the complaint's wiretapping and SCA claims, Judge Thrash declined to dismiss the plaintiffs' unjust enrichment claim, and granted only partial dismissal on the plaintiffs' invasion of privacy, civil conspiracy, and Fair Credit Reporting Act claims.

The judge outright dismissed claims filed under the Computer Fraud and Abuse Act and the California Consumer Privacy Act, a claim for trespass, and a number of state law claims.

"We are grateful for the court's careful consideration of the motions and are eager to move the case forward on behalf of the class," said Norman Siegel, co-lead counsel for the plaintiffs.

Representatives for the defendants didn't immediately respond to requests for comment Wednesday.

The drivers are represented by Barnes Law Group LLC, Stueve Siegel Hanson LLP, Cafferty Clobes Meriwether & Sprengel LLP, DiCello Levitt, Scott + Scott Attorneys at Law LLP, Tycko & Zavareei LLP, Bradley Grombacher LLP, Miller Law Firm PC, Motley Rice LLC, Girard Sharp LLP, Cotchett Pitre & McCarthy LLP, Morgan & Morgan PA, Casey Gerry Schenk Francavilla Blatt LLP, Lynch Carpenter LLP, Kopelowitz Ostrow PA, Robbins Geller Rudman & Dowd LLP, Kantrowitz Goldhamer & Graifman PC, Keller Rohrback LLP and Childers Schlueter & Smith LLC.

LexisNexis is represented by Ronald I. Raether Jr., Julie Hoffmeister Smith, Timothy J. St. George and Cindy D. Hanson of Troutman Pepper Locke LLP.

Verisk is represented by Jasmeet K. Ahuja and Allison J. Caplis of Hogan Lovells.

GM and OnStar are represented by David L. Balser, Susan M. Clare, John C. Toro, Peter Starr and Matthew B. Rosenthal of King & Spalding LLP.

The case is In re: Consumer Vehicle Driving Data Tracking Litigation, case number 1:24-md-03115, in the U.S. District Court for the Northern District of Georgia.

--Additional reporting by Hope Patti and Jonathan Capriel. Editing by Amy Rowe.

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Tesla Wants Out Of Investor Suit Over Its Self-Driving Goals

By **Emilie Ruscoe**

Law360 (April 22, 2026, 6:03 PM EDT) -- Automaker Tesla Inc. seeks to shed a proposed investor class action alleging the company overstated its success developing autonomous driving technology, arguing that it had already defeated "nearly identical allegations" in a California federal court and before the Ninth Circuit.

In a Monday motion in Austin, Texas federal court, the company and certain of its executives, including CEO Elon Musk, asked U.S. District Judge Robert Pitman to dismiss claims brought by Tesla investors Amiri Grandhi and Jacob Soto, arguing that the suit "recycles a theory already rejected by federal courts, including the Ninth Circuit Court of Appeals, in nearly identical litigation concerning the very same technology."

Tesla cited the **Ninth Circuit's 2025 unpublished decision** affirming a district court's dismissal of the suit. In that decision, the three-judge panel stated that the investors had failed to show that Musk "did not honestly believe reaching full autonomy was possible" on the projected timeline the defendants put forth to investors.

On Monday, Tesla said the same could be said of this case, telling Judge Pitman that an inference that the company was optimistic about its autonomous vehicle goals "is far more compelling than any speculative claim of fraud."

The carmaker also said Monday that it had repeatedly disclosed the risks of regulatory scrutiny that the plaintiffs had claimed were concealed, asserting the investors failed to point to any materially misleading statements in their suit.

The suit was first filed in August, and in the latest version of the claims, from January, Grandhi and Soto allege that by mischaracterizing how well its self-driving cars performed, the company concealed the risks that its autonomous vehicles would operate dangerously and break traffic laws.

According to the investors, those undisclosed risks increased the odds that Tesla would face regulatory scrutiny from the National Highway Traffic Safety Administration and other regulators.

That scrutiny occurred in June 2025, when it was reported that NHTSA opened an investigation of Tesla's self-driving Robotaxis after online videos showed the cars driving erratically and breaking traffic laws during a Robotaxi launch event in Austin, the suit says.

Following that report and those videos, Tesla shares fell about 6%, from just under $369 to under $328, the suit says.

The suit also highlights an 8.4% drop in Tesla's share price in February 2025, when an upgrade to Tesla's partially automated driving system in China allegedly disappointed customers, allegedly revealing the company had overpromised on its self-driving technology.

The proposed class includes those who purchased Tesla shares between Apr. 19, 2023, when Musk said on an earnings call that "I think we'll do it [full autonomy] this year," and June 24, 2025, when it was reported that the NHTSA was probing Tesla's autonomous vehicles.

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

The investors are represented by Nicholas I. Porritt, Adam M. Apton and Max E. Weiss of Levi & Korsinsky LLP, Jeremy A. Lieberman and Michael J. Wernke of Pomerantz LLP, Jacob Sabo of The Law Office of Jacob Sabo and Willie C. Briscoe of The Briscoe Law Firm PLLC.

The defendants are represented by Alex Spiro, Jesse Bernstein, Leigha Empson, Sasha Boutilier and John F. Bash of Quinn Emanuel Urquhart & Sullivan LLP.

The case is In Re Tesla Inc Securities Litigation, case number 1:25-cv-01213, in the U.S. District Court for the Western District of Texas.

--Additional reporting by Spencer Brewer and Katryna Perera. Editing by Vaqas Asghar.

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$16B YPF Argentina Feud Will Go To Arbitration

By **Caroline Simson**

Law360 (April 22, 2026, 7:43 PM EDT) -- Investors in Argentina's largest oil and gas exploration company confirmed to a New York federal judge Tuesday that they will pursue arbitration in their $16 billion fight with the country, and are now seeking permission to use discovery obtained in the case in the parallel claim.

Petersen Energía Inversora SAU, Eton Park Capital Management LP and related entities asked U.S. District Judge Loretta A. Preska to modify a 2024 protective order she issued to ensure that materials obtained in discovery in the two related cases may be used in the arbitration.

Litigation funder Burford Capital, which now owns part of the claims asserted by Petersen and Eton Park, said **late last month** that it was mulling an investor-state claim against Argentina after the Second Circuit **wiped out** a $16 billion judgment against the country. That process has now begun, according to Tuesday's letter.

"While plaintiffs intend to seek further review of that decision in the U.S. courts, they are also going to commence international arbitration against Argentina and have provided notice to the Republic to that effect," the letter said. "In light of the Second Circuit's ruling, plaintiffs respectfully request that the court modify the protective order to allow the parties to use all discovery material in arbitration proceedings."

In its announcement last month, Burford told its investors that it did "believe there are viable arbitration claims here" and that those claims would likely play out before the International Centre for Settlement of Investment Disputes in Washington, D.C.

YPF SA was the largest oil and gas exploration company in Argentina and was renationalized in 2012, at which time the government claimed a 51% stake in it.

Petersen and Eton Park filed separate suits in 2015 and 2016 — which were later merged — alleging the Argentine government breached the bylaws of YPF when it expropriated Spanish company Repsol SA's controlling stake in the oil and gas company in 2012 without first making a tender offer to minority shareholders, including the plaintiffs.

The government said at the time of the expropriation that Argentina's oil and gas industry had suffered from currency crises, price control programs and nationalist economic policies, and it accused Repsol of mismanaging YPF by paying out its profits to shareholders instead of reinvesting in production efforts.

Repsol reached a $5 billion settlement with Argentina for the country's expropriation of its assets in 2014.

Judge Preska ruled in 2023 that Argentina had improperly skipped the tender offer required under YPF's bylaws. She later handed down the judgment of $16.1 billion plus interest against the country.

In its 2-1 ruling last month, the Second Circuit concluded that Argentine law did not obligate the country to comply with YPF SA's corporate bylaws.

U.S. Circuit Judge Denny Chin wrote in the opinion that the lower court was wrong to award $16.1 billion of damages in favor of Petersen and Eton Park over Argentina's 2012 nationalization of YPF because the corporate laws of that country don't create mutual obligations among shareholders in a company.

Petersen had sold its claims in the case to a Burford subsidiary as part of its bankruptcy liquidation plan for €15 million, under which Burford will receive 70% of whatever the company recovers. The funder acquired Eton Park's claims in 2016 and is slated to receive 75% of that recovery, court records show.

A spokesperson for Argentina told Law360 Wednesday that "the court's protective order in this case clearly states that the discovery materials cannot be used in any 'other legal actions, present or future.' The Republic is reviewing plaintiffs' application to modify that order and will respond in due course in the district court."

Counsel and representatives for Petersen, Eton Park, YPF and Burford did not immediately respond to requests for comment Wednesday.

The Petersen and Eton Park entities are represented by Seth L. Levine, Alison M. Bonelli, Julie-Irene A. Nkodo and Adam M. King of Levine Lee LLP, Mark C. Hansen, Derek T. Ho, Andrew E. Goldsmith, Alejandra Ávila and Diego Negrón-Reichard of Kellogg Hansen Todd Figel & Frederick PLLC, and Laura Harris, Reginald R. Smith and Kevin D. Mohr of King & Spalding LLP.

The Republic of Argentina is represented by Robert J. Giuffra Jr., Amanda F. Davidoff, Thomas C. White, Sergio Galvis, Adam R. Brebner and Pedro Jose Izquierdo of Sullivan & Cromwell LLP.

YPF is represented by Mark P. Goodman and Shannon Rose Selden of Debevoise & Plimpton LLP.

The cases are Petersen Energia Inversora SAU et al. v. Argentine Republic et al., case number 1:15-cv-02739, and Eton Park Capital Management LP et al. v. Argentine Republic et al., case number 1:16-cv-08569, both in the U.S. District Court for the Southern District of New York. Case and counsel information for the arbitration was not available on Wednesday.

--Additional reporting by Nadia Dreid and Vince Sullivan. Editing by Drashti Mehta.

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SolarEdge Inks $55M Investor Deal Over Europe Sales Claims

By **Craig Clough**

Law360 (April 22, 2026, 5:12 PM EDT) -- A group of SolarEdge Technologies Inc. investors have asked a New York federal judge to approve a $55 million preliminary settlement they reached with the company and two of its top executives, saying it would be a "highly favorable resolution" of their claims that the company misrepresented the demand for solar energy products in Europe.

The unopposed **motion** for preliminary approval of the settlement filed Tuesday calls for the court to approve a settlement class estimated in the thousands. The damages amount is approximately 5.7% to 9.6% of the maximum recoverable damages and above the median recovery of 4.3% in similarly sized securities class action settlements between 2016 and 2024, it added.

"This evidence shows that the settlement is substantively fair to investors," they said.

The suit, lodged in November 2023, alleges securities fraud in connection with a fall in the Israel-based company's European sales and subsequent dip in its stock price.

Court-appointed lead plaintiffs asserted in an amended complaint that Europe was SolarEdge's "most important region by far," but sales were struggling throughout the Feb. 13, 2023, to Oct. 19, 2023, class period.

The investors claimed that SolarEdge was only able to achieve its revenue targets by forcing customers to take unneeded products, known as "channel stuffing," at the end of each financial quarter. They said that following belated disclosures that they accused the company of going to "great lengths to spin," SolarEdge's share price plummeted as the truth emerged, falling from about $114 to about $83 on Oct. 20, 2023 — a roughly 27% drop.

U.S. District Judge Gregory H. Woods twice **dismissed** some claims from the suit, such as in April 2025, when he found that the investors failed to adequately allege in their second amended complaint that statements made about SolarEdge's so-called sell-through forecasts were false or misleading. He also rejected investor claims that SolarEdge's top brass knew about the alleged wrongdoing.

The judge further found that investors once again failed to adequately allege that the individual defendants knew or recklessly disregarded information about SolarEdge's channel stuffing. Nor did he agree with the amended complaint's claims that the "whole board" knew about "'this situation with regard to stock' does not necessarily demonstrate that the whole board knew that the overstocked inventories were a result of deliberate channel stuffing."

However, Judge Woods found that the investors properly pled a strong inference that the CEO and chief financial officer knew or recklessly disregarded information that demand in Europe was weak when they made the suit's challenged statements because of weekly meetings they attended and certain reports that were shared with them.

Following the ruling, the investors chose to stand on the second amended complaint and the claims that survived rather than amend the suit again.

In February 2024, Pomerantz LLP **beat out** five other firms and was named lead counsel in the litigation, while Judge Woods at that time also consolidated related actions and named several pension funds and Hachshara Insurance Company Ltd. to serve as co-lead plaintiffs.

In Tuesday's motion, the investors said class counsel would seek up to 25% of the settlement fund for attorney fees, and that the proposed settlement class would include everyone who purchased or otherwise acquired SolarEdge common stock between Feb. 13, 2023, and Oct. 19, 2023, minus those related to the defendants or who opt out of the settlement.

Counsel for the parties did not respond to requests for comment Wednesday.

The investors are represented by Brian Calandra and Jeremy A. Lieberman of Pomerantz LLP.

The defendants are represented by Christopher Daniel Belelieu, Bethany Jade Saul and Nathan Charles Strauss of Gibson Dunn & Crutcher LLP.

The case is In re: SolarEdge Technologies Inc. Securities Litigation, case number 1:23-cv-09748, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Katryna Perera. Editing by Adam LoBelia.

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2nd Circ. Amends Revival Of Mortgage-Backed Securities Suit

By **Kellie Mejdrich**

Law360 (April 22, 2026, 7:22 PM EDT) -- The Second Circuit on Wednesday pulled back from a holding that mortgages underlying a union pension fund's mortgage-backed securities investments that tanked during the financial crisis were plan assets under federal benefits law in a proposed class action that the appellate court revived in March against Wells Fargo and Ocwen.

A three-judge panel entered an **amended opinion** and judgment in the Employee Retirement Income Security Act suit, which the appellate court had initially decided March 26. Much of the decision matches an **earlier opinion** that also revived the case. But the biggest difference between the two opinions is that the panel agreed to modify its holding that some of the mortgages underlying residential mortgage-backed securities investments of the union plan were in fact ERISA plan assets under the U.S. Department of Labor's plan asset rule.

The appellate panel's ruling both Wednesday and in March unraveled portions of a 2023 grant of summary judgment to Wells Fargo Bank NA, Ocwen Financial Corp. and several Ocwen affiliates in the proposed ERISA class action, which was filed by trustees of the United Food & Commercial Workers Union & Employers Midwest Pension Fund. The union trustees sued in New York federal court in 2018 in an attempt to hold Ocwen and Wells Fargo liable under ERISA for misconduct related to the subprime mortgages underlying their pension fund's investments. The suit alleged that Ocwen and Wells Fargo breached their fiduciary duty under ERISA by pushing struggling homeowners into foreclosure during the financial chaos of 2007 to 2009.

The panel in March **partially affirmed and partially reversed** the lower court's summary judgment ruling favoring Wells Fargo that found none of the mortgages underlying the securities investments of the union plan were ERISA plan assets. But the panel Wednesday affirmed in part and vacated in part the lower court's summary judgment holding that had completely favored the banks on the issue of whether mortgages underlying the securities investments were plan assets.

The panel in its opinion Wednesday instead held that some of the mortgages underlying mortgage-backed securities held by the plan, taking the form of trust certificates, were "equity interests" because they represented beneficial interests in trusts. Whether an investment of a plan is an equity interest impacts the analysis of whether it's an ERISA plan asset under the DOL's rule and whether exceptions apply, the panel explained.

The panel said in a footnote to its opinion Wednesday that the lower court should determine on remand whether those equity interests were ERISA plan assets under the DOL's rule.

"We address today only whether the plan's investments are equity interests and leave to the district court to decide in the first instance whether the assets underlying each investment … are plan assets," the panel said.

The revised opinion comes after the banks filed a petition for panel rehearing this month. The panel at arguments in September 2024 **appeared skeptical of reviving** claims from trustees of the UFCW pension fund.

Counsel for the union trustees and the proposed class declined to comment. Representatives of Wells Fargo and Ocwen, which is now Onity Group Inc., did not immediately respond to requests for comment Wednesday.

U.S. Circuit Judges Richard J. Sullivan, Denny Chin and Susan L. Carney sat on the panel for the Second Circuit.

The United Food & Commercial Workers Union & Employers Midwest Pension Fund trustees are represented by R. Bradley Miller of R. Bradley Miller Law and Gary A. Gotto and Ron Kilgard of Keller Rohrback LLP.

Ocwen is represented by Jenya Godina and Anton Metlitsky of O'Melveny & Myers LLP and Richard A. Jacobsen, Thomas N. Kidera and Aaron M. Rubin of Orrick Herrington & Sutcliffe LLP.

Wells Fargo is represented by Yaakov M. Roth, Evan Miller, David T. Raimer, Howard F. Sidman and Amanda L. Dollinger of Jones Day.

The case is Powell v. Ocwen Financial Corp., case number 23-999, in the U.S. Circuit Court of Appeals for the Second Circuit.

--Editing by Lief Nielsen.

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Alston & Bird Says Goliath Investors Can't Claim Malpractice

By **Carolina Bolado**

Law360 (April 22, 2026, 10:17 PM EDT) -- Alston & Bird LLP urged a Florida federal court on Wednesday to toss a malpractice suit claiming the firm facilitated a $328 million cryptocurrency scam at Goliath Ventures Inc., arguing that the proposed class of Goliath investors who brought the suit were never clients of the firm.

The firm said the plaintiffs — who claim Alston & Bird drafted legally dubious joint venture agreements, or JVAs, used in a Ponzi-like fraud scheme — tried to stretch their status as Goliath investors into an attorney-client relationship, but there's no legal authority that would allow them to do so.

"More broadly, adopting plaintiffs' premise would undermine the foundation of the attorney-client relationship by imposing fiduciary duties on lawyers as to every partner, shareholder and contractual counterparty of each of their clients," the firm said.

In addition, Alston & Bird said that the three counts of the complaint sound in fraud, but the plaintiffs don't include the details required to plead fraud and mention just two documents that are not attached to the complaint.

"Plaintiffs never allege who saw these documents, when, what they say, or how plaintiffs relied on them," the firm said. "There are no allegations about any individual plaintiff at all, or any indication that any of the named plaintiffs knew that the firm was performing legal work for Goliath."

The adequate venue for their claims is Goliath's bankruptcy case, the firm said.

"Although a bankruptcy proceeding may not be a preferred path for plaintiffs, that does not justify filing a legal malpractice case that is missing its most basic element: an attorney-client relationship between plaintiffs and the firm," Alston & Bird said. "Attorneys are not responsible for their clients' misconduct, and they do not owe fiduciary duties to non-clients."

The investors **filed their proposed class action** last month, claiming the firm's legally dubious JVAs induced them to transfer millions of dollars used in a Ponzi-like cryptocurrency fraud committed by Goliath and its CEO, Christopher Delgado.

The suit's allegations against Alston & Bird include professional negligence, breach of fiduciary duty and constructive fraud, with investors claiming the firm at least should have known its JVAs and legal advice would instill confidence and cause people to give their money to Goliath, including retirement funds.

Delgado started the Goliath enterprise sometime in 2023 and began signing up investors through JVAs before Alston & Bird's involvement, according to the suit. In 2025, Delgado hired Georgia-based Alston & Bird to rewrite the JVAs for investors Goliath had already signed up and ensure that all future investors would have the same agreements, according to the suit.

The investors claim Delgado experienced disputes in connection with prior ventures and sought out Alston & Bird to provide "legal cover" for his plan to raise capital. Several promotional events occurred throughout South Florida to solicit funds from investors, according to the suit.

The agreements established joint ventures in Goliath, making each investor a partner in the investment enterprise, according to the suit. The plaintiffs added that the Alston & Bird JVAs made the firm legal counsel to each investor and established fiduciary duties that were owed to them.

Delgado allegedly used two types of scams with Goliath. In the first, referred to in the suit as the "LP scam," investors provided government-backed or digital currency to Goliath for placement in liquidity pools in exchange for monthly returns that occur as a result of pool trades. In the second, which the suit called the "IRA scam," Goliath solicited funds that were placed in self-directed individual retirement accounts created and managed by the company.

The plaintiffs claimed that Goliath, through the JVAs, falsely told investors that their funds would be invested into cryptocurrency liquidity pools running on exchanges such as Uniswap. They also alleged the JVAs promised monthly returns of 4%, and promised to allow investors to withdraw funds and request their initial investments. The plaintiffs said the JVAs "allowed Delgado and Goliath to destroy the investor partners."

In September 2025, the plaintiffs said, Goliath stopped paying returns and also stopped honoring withdrawal requests.

Delgado, 34, of Apopka, Florida, was arrested in February and charged with wire fraud and money laundering in a federal criminal complaint filed in the Middle District of Florida. The government alleged that between 2023 and 2026, Delgado operated a Ponzi scheme in which he took funds from new investors to pay existing ones. Prosecutors said Delgado used investor money to fund an extravagant lifestyle with expensive business gatherings, luxury vacations and purchases of high-end watches and cars.

The proposed class is represented by Adam A. Schwartzbaum of Adam A. Schwartzbaum PA, by Jeffrey R. Sonn of Sonn Law Group, by T. Liam Murphy of Murphy's Law: The Crypto Law Firm and by Jordan Shaw and Gabriel E. Morales of Shaw Lewenz.

Alston & Bird is represented by James N. Robinson, Zachary B. Dickens and W. Dylan Fay of White & Case LLP.

The case is Euliano et al. v. Alston & Bird LLP, case number 0:26-cv-60646, in the U.S. District Court for the Southern District of Florida.

--Additional reporting by David Minsky. Editing by Nick Petruncio.

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'Cheap' Judge Tentatively Trims Fees But OKs $65M Snap Deal

By **Craig Clough**

Law360 (April 22, 2026, 10:19 PM EDT) -- A California federal judge who previously described himself to the parties as "cheap" may have lived up to the descriptor Wednesday by tentatively granting final approval to Snap's $65 million securities settlement while indicating he'd likely give a 5% "haircut" to the investor plaintiffs' requested attorney fees.

U.S. District Judge George Wu, who is known for **his use of humor** on the bench, gave preliminary approval to the settlement at a hearing **in December**, but told the plaintiffs' attorneys from Saxena White PA and Bienert Katzman Littrell Williams LLP they will "have to see" about the request for 30% of the settlement in attorney fees because he is "notoriously cheap."

That comment turned out not to be a joke, as a tentative ruling posed to the docket agreed that all the factors support the fee request, but that he was still exercising, for now, the court's discretion established in the Ninth Circuit's 2008 opinion in Moreno v. City of Sacramento to impose a "haircut" to the request of no more than 10% "without a more specific explanation."

"The Court is inclined to impose a five-percent haircut on the $19,500,000 fee request but will allow Lead Counsel to convince this Court otherwise at the hearing on these motions," the judge wrote.

If approved, the deal would resolve consolidated putative securities class action litigation initially launched against Snap Inc., its CEO Evan Spiegel and its former Chief Business Officer Jeremi Gorman in November 2021.

The investors allege Snapchat's parent company and its top brass downplayed the negative impact Apple's April 2021 privacy changes would have on its advertising business, causing the stock price to plunge once the effect was realized.

The investors claim that Snap Inc. and its executives reassured its shareholders that its focus on privacy, independent of Apple Inc.'s app tracking transparency-related changes, prepared the company to handle the impacts.

But in reality, the changes hurt the company's bottom line, causing its value to tumble, the suit alleges. When Snap finally announced the impact, in October 2021, the stock price fell $19.97 per share, or 26%, to close at $55.14 per share, according to the suit.

Apple announced the changes in June 2020 as a part of the tech giant's ongoing privacy push, including a new data privacy feature that allows users to opt out of app data tracking.

After multiple rounds of pleading, the lower court tossed the case in September 2023. But in December 2024, the Ninth Circuit revived the litigation, and on remand, the case headed into full-blown discovery. In May, the investors filed a motion to certify the class, but before the court ruled, the parties asked the court to suspend court deadlines as they entered mediation.

The investors' motion for final approval of the deal seeks to certify a class of individuals and entities that bought or sold publicly traded Snap securities or Snap call or put options between Feb. 5, 2021, and Oct. 21, 2021.

When he granted preliminary approval of the deal, Judge Wu commented that the 30% sought by the lead counsel exceeds the 25% benchmark award for attorney fees, but noted that his court and others in the circuit have found in most common fund cases that fees are higher than that benchmark, and he repeated this assertion in Wednesday's tentative ruling.

Judge Wu wrote on Wednesday that all the factors used in the Ninth Circuit to determine the benchmark percentage support the plaintiffs' fee request, including the results they achieved.

"Lead Counsel indicates that its successful appeal not only revived the case but directly enabled the Settlement now before the Court," Judge Wu wrote. "Indeed, the result achieved is a notable result for the Class, members of which would have faced an uncertain outcome had settlement not been reached and further litigation ensued. As already discussed, the Settlement Amount represents a favorable outcome in light of the challenging nature of securities class action cases such as the one at bar."

Counsel for the parties did not immediately respond to request for comment on the tentative ruling.

The investors are represented by Maya Saxena, Joseph E. White III, Lester R. Hooker, Dianne M. Pitre, Steven B. Singer, Sara DiLeo and David R. Kaplan of Saxena White PA, and John L. Littrell and Michael R. Williams of Bienert Katzman Littrell Williams LLP.

Snap Inc., Evan Spiegel and Jeremi Gorman are represented by Audra J. Soloway, Daniel J. Kramer and Kristina A. Bunting of Paul Weiss Rifkind Wharton & Garrison LLP and Darren L. Patrick and Ekwan E. Rhow of Bird Marella Rhow Lincenberg Drooks & Nessim LLP.

The case is Kellie Black v. Snap Inc. et al., case number 2:21-cv-08892, in the U.S. District Court for the Central District of California.

--Editing by Michael Watanabe.

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Goldman Nears Deal With Investors Over 1MDB Scandal

By **Hailey Konnath**

Law360 (April 22, 2026, 11:08 PM EDT) -- Goldman Sachs has reached a settlement-in-principle with investors claiming losses from the 1MDB bond bribery scandal, according to a joint letter filed in New York federal court on Wednesday.

Goldman and the shareholders said they'd reached an agreement-in-principle to "resolve this action in its entirety." They didn't offer any details, but said they expect to file "final settlement documentation, including the settlement agreement and an unopposed motion for preliminary approval," by May 20.

Goldman and counsel for the parties didn't immediately respond to requests for comment late Wednesday.

The investors claimed they suffered losses because Goldman made misstatements and omissions about its interactions with Malaysia's sovereign wealth fund, 1Malaysia Development Berhad, and had knowledge of corruption associated with it. The fund was intended to spur economic development there, however, hundreds of millions of dollars were misappropriated by high-level officials and their associates.

Specifically, Goldman underwrote $6.5 billion of the 1MDB debt in three bond offerings in 2012 and 2013, and was paid $600 million in fees, according to the case.

Sjunde AP-Fonden, which is also known as AP7 and the court-appointed lead plaintiff for the investor class, alleged that Goldman's stock dropped in November 2018 after The Wall Street Journal and other media outlets published stories about a purported meeting in 2013 between former Goldman CEO Lloyd Blankfein, then-Malaysian Prime Minister Najib Razak and Jho Low, the alleged architect of the 1MDB scheme.

In September, the investors secured **class certification** for all persons and entities who purchased or acquired Goldman's common stock between Dec. 22, 2016, and Nov. 8, 2018, and were injured.

However, Goldman argued that the allegations are an "incoherent, reverse-engineered theory of securities fraud that the factual record does not sustain." In March, Goldman asked the court to **enter summary judgment in its favor,** arguing that the two alleged misstatements and one corrective disclosure that remain in the action are insufficient to support the investors' claims.

The bank said the corrective disclosure theory related to the 2013 meeting on which the plaintiffs rely is false because the record shows that Low did not attend the meeting and therefore did not meet Blankfein or discuss 1MDB with him.

"There is simply no evidence supporting the truth of the 'corrective' disclosure on which the whole case depends," Goldman's motion said. "Every single piece of record evidence discussing who actually attended confirms that Low was not present, and no evidence supports the claim that Blankfein discussed 1MDB with anyone during that event."

In Wednesday's notice, the parties asked the court to stay all motions and deadlines, including the investors' May 1 deadline to file an opposition to Goldman's summary judgment bid.

The investors are represented by Andrew L. Zivitz, Matthew L. Mustokoff, Jamie M. McCall, David A. Bocian, Nathan A. Hasiuk, Vanessa Milan and Nathaniel C. Simon of Kessler Topaz Meltzer & Check LLP and Salvatore J. Graziano and Rebecca E. Boon of Bernstein Litowitz Berger & Grossmann LLP.

Goldman is represented by Donald B. Verrilli Jr., Elaine J. Goldenberg, James C. Rutten, John W. Spiegel and John M. Gildersleeve of Munger Tolles & Olson LLP.

The case is Sjunde AP-Fonden v. The Goldman Sachs Group Inc. et al., case number 1:18-cv-12084, in the U.S. District Court for the Southern District of New York.

–Additional reporting by Katryna Perera. Editing by Michael Watanabe.

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Gore-Tex Maker Says 'Harmful' Chemicals Suit Can't Survive

By **Bonnie Eslinger**

Law360 (April 22, 2026, 11:14 PM EDT) -- W.L. Gore urged a Delaware federal judge Wednesday to toss a proposed class action claiming the company touts Gore-Tex as environmentally sound while hiding that "harmful" per- and polyfluoroalkyl substances are used to make the fabric, saying the consumers "lack any basis" to claim their garments contain the chemicals.

The consumer case over per- and polyfluoroalkyl substances is based on "speculation," W.L. Gore & Associates Inc. states in its motion to dismiss.

PFAS are a group of different chemicals, only some of which are regulated as potentially dangerous, W.L. Gore tells the court. The plaintiffs don't provide facts establishing which type of PFAS their garments allegedly contained, in what amounts, and how the garments are "harmful," the company says.

The case is based on a handful of studies, and the suit does not say testing was done on the plaintiffs' garments, the company says.

"Plaintiffs thus lack any basis to allege their garments contain any PFAS (hazardous or not)," the motion argues.

The plaintiffs also don't show what specific representations they relied on when they bought their Gore-Tex clothing item and if any representation about the garments was false, W.L. Gore tells the court.

In addition, the consumers lack standing to sue because they allege no "cognizable" injury, the motion argues.

The plaintiffs "speculate about economic injury because their garments allegedly contained PFAS, which supposedly made them less valuable, but speculation does not confer standing," W.L. Gore says in its motion. The consumers also don't allege any physical injury, the company adds.

The plaintiffs are 18 consumers from nine states and Washington, D.C., who say they bought garments containing Gore-Tex membranes from third party retailers between 2018 and 2024. The suit alleges 38 causes of action, including state law claims of fraudulent concealment, unfair trade and false advertising.

The complaint also doesn't sufficiently back its fraud claims, the motion to dismiss contends.

"Plaintiffs do not allege any claim with particularity. They do not allege what each plaintiff saw and relied on and instead point to webpages and corporate documents with sustainability statements that no plaintiff claims to have viewed," W.L. Gore states.

In addition, those statements are aspirational and nonactionable, the motion argues.

"Plaintiffs allege nothing showing that any of these statements would mislead a reasonable consumer," W.L. Gore states.

In addition, while the plaintiffs say they were "exposed" to the products' labeling when they bought their garments, they don't claim the tags were attached to the garments or that they reviewed anything on the tags before making their purchase, the company points out.

"Nor do plaintiffs allege facts showing that the representations on the hang tags were misleading," W.L. Gore states.

The motion to dismiss also tells the court that four of the plaintiffs filed a nearly identical **action** in Washington in early 2025 claiming economic harm from buying garments containing Gore-Tex laminate.

In the face of Gore's **motion** to dismiss, the plaintiffs voluntarily **dismissed** and refiled in Maryland with four additional plaintiffs. Then, after the plaintiffs amended their June 2025 Maryland complaint, Gore moved to transfer the case to this district, which the court granted in March.

"The forum has changed, but plaintiffs' allegations remain deficient," W. L. Gore states.

The company argues that this latest suit — with 10 added plaintiffs — should be tossed with prejudice.

"They filed a new complaint after viewing Gore's arguments for dismissal in Washington and had the opportunity to remedy the deficiencies," W.L. Gore states. "They had a further opportunity when they amended that second complaint in Maryland."

In addition, certain claims must be dismissed as time-barred because they're based on purchases made outside the applicable statutes of limitations, the motion to dismiss contends.

The plaintiffs allegedly bought a range of garments containing Gore-Tex from various third-party retailers in California; Connecticut; Washington, D.C.;, Florida; Illinois; Maryland; Minnesota; New York; Washington; and West Virginia between 2018 and 2024. The hang tags say Gore-Tex is "committed to sustainability," "environmentally sound," and "PFC Free Laminate," according to the complaint.

In their suit, the plaintiffs claim they would not have bought the garments or would have paid less if they had known that Gore-Tex contained the "extremely harmful" chemical.

The plaintiffs claim W.L. Gore uses a type of PFAS to make its Gore-Tex fabric called ePTFE — an extended form of PTFE, or polytetrafluoroethylene.

"Because of their extreme resistance to degradation in the environment and/or in living organisms, PFAS have been classified as 'forever chemicals' — meaning they break down very slowly in nature and are potentially dangerous to human health," the suit states.

In recent years, there has been a growing number of cases involving PFAS allegations.

In March, a federal judge **tossed** a proposed class action claiming Kimberly-Clark Corp. polluted a Connecticut town's water and soil with the chemicals, saying the plaintiffs failed to allege plausible facts tying the contamination or any injuries to the paper-goods maker.

A month earlier, a New Jersey federal judge **dismissed** claims by a proposed class of consumers claiming Kenvue Inc. and Johnson & Johnson hid the presence of PFAS in Band-Aid products, saying the consumers hadn't shown they were harmed.

A California federal judge, however, said in March that Apple Inc. **can't** escape a proposed class action contending that the wristbands of its Apple Watch products contain the forever chemicals, saying the complaint is sufficient to allege that the company knew of the risks but didn't warn consumers.

And in January, a California federal judge **certified** a class of Golden State consumers who accuse The J.M. Smucker Co. of failing to disclose risks of PFAS in certain pet food packaging.

Representatives for the plaintiffs did not immediately respond Wednesday to Law360's request for comment. W.L. Gore declined to comment.

The plaintiffs are represented by Kelly L. Tucker of Grant & Eisenhofer PA and Rebecca A. Peterson and Catherine A. Peterson of Hecht Partners LLP.

W.L. Gore & Associates is represented by Robert J. Herrington, Jennifer A. Surprenant and Sarah R. Martin of Greenberg Traurig LLP.

This case is Walton et al. v. W.L. Gore & Associates, case number 1:26-cv-00318, in the U.S. District Court for the District of Delaware

--Additional reporting by Dorothy Atkins, Emily Field, Brian Steele and Mike Curley. Editing by Kristen Becker.

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Hagens Berman, Others Seek To Co-Lead PFAS Fire Gear Suit

By **Dorothy Atkins**

Law360 (April 22, 2026, 10:54 PM EDT) -- Hagens Berman Sobol Shapiro LLP and four other firms have urged a Montana federal judge to appoint them as co-lead class counsel in PFAS firefighter gear litigation by cities and municipalities against 3M, Dupont and others, arguing they were the first to file suit, which inspired multiple "copycat" actions.

In a 29-page memo Tuesday supporting their motion, a group of cities and counties asked U.S. District Judge Brian Morris to appoint John Heenan of Heenan & Cook PLLC and Michael Bliven of Bliven Law Firm as interim liaison counsel, and Steve Berman of Hagens Berman Sobol Shapiro LLP, Kyle McGee of Grant & Eisenhofer PA and Ian W. Sloss and Jennifer Sclar of Silver Golub & Teitell LLP as interim co-lead counsel.

"The firms jointly have already committed significant resources to this litigation and are prepared to make their attorneys, technical staff and the necessary financial resources available to ensure the interests of all class members are duly protected and advanced," the memo said.

The plaintiffs' request to appoint co-lead counsel is the latest chapter in a lawsuit launched in April 2025 alleging firefighting gear contained dangerous levels of synthetic chemicals known as PFAS that are toxic to humans.

The Montana action is one out of four lawsuits filed in recent years over PFAS in firefighting gear, with the first case to be filed in Connecticut in **June 2024** by proposed co-lead counsel Silver Golub & Teitell LLP. In that suit, 3M Corp. **sought to stay** litigation to await a decision on whether to transfer the suit to other PFAS multidistrict litigation, but in October 2024, the Connecticut judge denied the request.

In November, plaintiffs counsel in the Montana action coordinated with plaintiffs counsel in Connecticut, and together they opposed and defeated the company defendants' dismissal bids in the Montana action, and they consolidated the claims of multiple purchaser plaintiffs, the memo said. In light of their efforts, the firms argued that the court should appoint them as co-lead counsel.

"While only two additional copycat actions have been brought to date, more are likely to follow, and parallel proceedings create a material risk of duplicative discovery, inconsistent rulings, and inefficient use of party and judicial resources," the memo said. "Absent a defined leadership structure, defendants will exploit that fragmentation by advancing inconsistent positions across courts to the detriment of the class, and the federal judiciary will waste resources deciding the same issues in multiple courts."

The Montana litigation is specifically brought on behalf of a group of cities and counties with a population of over 1.3 million across five states — Montana, Connecticut, California, Maryland and Missouri — that have purchased thousands of sets of turnout gear on behalf of more than 1,700 firefighters.

The firms' memo noted that the proposed co-lead counsel and liaison counsel were the first to investigate, research and file the lawsuits on behalf of municipalities, which specifically target the design, manufacture, marketing, sale and distribution of firefighter turnout gear containing PFAS.

The Montana action has already progressed significantly beyond either of the pending other purported "copycat" actions in Minnesota and California, which "parrot the allegations and legal theories" of ongoing Montana and Connecticut litigation and which were filed after the instant suit.

In the Minnesota action, motions to dismiss won't be heard until late June, and discovery hasn't yet begun, and the California action was just filed last month, the memo said.

Meanwhile, in the Montana case, the court has already denied motions to dismiss, and discovery is underway with an "aggressive" court schedule in which the parties anticipate filing a motion for class certification within the next six months, the memo said.

Additionally, Connecticut plaintiffs the city of Stamford and the Old Mystic Fire District withdrew all claims from a Connecticut PFAS lawsuit earlier this month to join the Montana action, the memo said.

The firms added that the attorneys leading the efforts at each firm have "exceptional qualifications to lead this litigation," with Berman having served as co-lead counsel on the high-stakes antitrust litigation against the NCAA, In re: College Athlete NIL Litigation, which culminated in a landmark **$2.78 billion settlement** in past damages.

Among proposed co-lead counsel's numerous complex civil litigation accomplishments, the memo noted that Silver Golub & Teitell represented the state of Connecticut in litigation against tobacco companies that resulted in a recovery to the state of $3.6 billion.

Meanwhile, Grant & Eisenhofer has helped clients secure a $3.2 billion settlement with Tyco International, a $2.67 billion settlement with Blue Cross Blue Shield, a $1.6 billion settlement with Bayer, a $1.6 billion settlement with Steinhoff, a $1.5 billion settlement with Fortis, and over $1 billion in settlements in matters involving industrial chemical contaminants, including PFAS, among many other litigation successes, the memo said.

Counsel and representatives for the parties didn't immediately respond to requests for comment Wednesday.

The plaintiff cities and counties are represented by John Heenan of Heenan & Cook PLLC, Michael Bliven of Bliven Law Firm, Steve Berman of Hagens Berman Sobol Shapiro LLP, Kyle McGee, Viola Vetter, Suzanne Sangree and Kyle Landis-Marinello of Grant & Eisenhofer PA and Ian W. Sloss, Jennifer Sclar, Kate Sayed and Samantha Blend of Silver Golub & Teitell LLP.

The Lion Group is represented by Francis J. Torrence of Lewis Brisbois Bisgaard & Smith LLP.

Globe Manufacturing Company LLC is represented by James Stengel, Paige Pavone, Lowell J. Chandler and Hillary Dang of Orrick Herrington & Sutcliffe LLP and Nicholas J. Lofing and Emma L. Mediak of Garlington Lohn & Robinson of PLLP.

W.L. Gore & Associates Inc. is represented by Neil G. Westesen and Pamela C. Garman of Crowley Fleck PLLP and Mark S. Cheffo and Jacqueline D. Harrington of Dechert LLP.

3M is represented by Brianne C. McClafferty and Brent R. Bihr of Holland & Hart LLP, Gregg J. Costa, Lauren R. Goldman and Adam I. Steene of Gibson Dunn & Crutcher LLP and Michael B. Hewes and Caroline D. Walker of Butler Snow LLP.

DuPont de Nemours Inc., The Chemours Co. and Corteva Inc. are represented by M. Christy S. McCann and Daniel J. Auerbach of Browning Kaleczyc Berry & Hoven PC and David B. Dwerlkotte, Andrew D. Carpenter and Zachary S. Beach of Shook Hardy & Bacon LLP.

The instant case is City and County of Butte-Silver Bow et al. v. 3M Co. (f/k/a Minnesota Mining and Manufacturing Co.) et al., case number 2:25-cv-00036, in the U.S. District Court for the District of Montana.

The Connecticut case is Uniformed Professional Firefighters Association of Connecticut et al. v. 3M Co. et al., case number 3:24-cv-01101, in the U.S. District Court for the District of Connecticut. The Minnesota case is City of Peabody et al. v. 3M Co. et al., case number 25-cv2083, in the U.S. District Court for the District of Minnesota. The California case is The County of San Mateo v. 3M Co. et al., case number 3:26-cv-02380, in the U.S. District Court for the Northern District of California.

--Editing by Janice Carter Brown.

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Lockheed Birth Defect Trial Judge 'Disappointed' By Attys

By **Cara Salvatore**

Law360 (April 22, 2026, 9:02 PM EDT) -- A Florida federal judge said Tuesday he's "puzzled and disappointed" in counsel who appear "unprepared" on the eve of trial in a suit by children who blame their birth defects on Lockheed Martin's chemical handling practices at an Orlando defense system manufacturing and research facility.

U.S. District Judge Roy Dalton Jr. **said** counsel for Lockheed Martin Corp. and the parents of three children with birth defects have left numerous tasks for the last minute as a six-week trial is set to start April 23 over defects allegedly attributable to Lockheed's handling of perchloroethylene, trichloroethylene and styrene at its Sand Lake Road facility. The judge also sanctioned two lawyers for a landowner codefendant, Universal City, over their failure to appear for a hearing in the lead-up to Universal's dismissal from the case.

"The court is puzzled and disappointed that the experienced counsel in this case, now pending for five years, appear so unprepared for trial," Judge Dalton said.

"Limine motions that had to be delayed and augmented because counsel did not meet and confer properly, a motion to remand filed five years after removal, multiple eleventh-hour motions seeking clarification of procedures that have been in place for ages, demonstratives not yet created, and a significant preliminary question of law surfacing only after counsel submitted multiple rounds of instructions asking the jury to decide the issue: not an auspicious beginning," the judge wrote.

In jury instruction documents filed April 3, the parties contest instructions regarding how the jury should decide whether Lockheed Martin's actions "constitute ultrahazardous activities." There are six factors that can be considered, and Lockheed's proposed instruction says "several" must be established, while the plaintiffs say that precedent does not require more than one to be established.

According to Lockheed counsel David Weinstein of Greenberg Traurig LLP, the "preliminary question" concerns "whether the court or the jury determines whether the activity at issue is abnormally dangerous. In our view, that is a legal question for the court." Weinstein said he believes this question will be resolved before trial.

Weinstein added, "Our client and its counsel are trial-ready, and we have been for months. We look forward to presenting Lockheed Martin's case to the jury. Our client's Sand Lake Road complex did not cause or contribute to the plaintiffs' conditions or cause any other harm to those who work or live in the area."

Representatives for the plaintiffs were not immediately available for comment.

Meanwhile, the judge also sanctioned two lawyers for Universal City Property Management Company III LLC, which bought parcels "contiguous" with the Sand Lake Road plant from Lockheed in 1998.

The lawyers, Michael Fidrych and Ryan McLemore of Thrift McLemore, did not appear for a pretrial conference in February, acting on their belief that their client was on the verge of being dismissed, they said. But the judge said that belief was not an excuse, even if plaintiffs did eventually move to drop Universal.

"There was no guarantee that Universal would be dismissed from the case at all. Had the court not made further inquiry, it is entirely possible Universal would still be on the hook to go to trial, with no attorney there to argue on its behalf. There simply is no excuse for not showing up and leaving their client unrepresented," the judge said.

He ordered each to pay a $500 fine and take a continuing legal education ethics course.

In an email to Law360 Wednesday, Ryan McLemore said, "We sent to the conference the attorney who was going to be trying the case for UCPM, and UCPM was dismissed immediately after that conference."

In December, Judge Dalton denied Lockheed's bid for summary judgment, citing the opinions of expert neonatologist David Warburton regarding causation and Warburton's conclusions "that the exposures were capable of causing the types of conditions plaintiffs suffered," the judge said.

At least one parent of each child worked near Lockheed's Orlando factory. One child was born in 2019 with clubfoot and brain abnormalities, one has Klinefelter syndrome, which can cause developmental delays, and one was born with a cleft palate.

Though the company had argued only maternal exposure was relevant, Judge Dalton noted Warburton's report explained that exposure can damage sperm.

The judge threw out one other plaintiff's claims in the December ruling, and many more of the original 67 plaintiffs in the 2021 suit have also had their claims dismissed.

The families are represented by Timothy Morgan, Eitan Goldrosen, Frank Petosa, Jennifer Winn, Josh Autry, Joshua Moore, Panagiotis Albanis, Rene Rocha III and Michael Ram of Morgan & Morgan PA.

Lockheed Martin is represented by Francis Citera, Gretchen Miller, Irina Khasin, Ryan Hopper, David Weinstein, Christopher Torres, Raymond Jackson, Brian Porter, Jennifer Faggion, Madeleine Voigt and Christopher White of Greenberg Traurig LLP.

The case is Henderson et al. v. Lockheed Martin Corp. et al., case number 6:21-cv-01363, in the U.S. District Court for the Middle District of Florida.

--Editing by Dave Trumbore.

Update: This article has been updated with comment from Ryan McLemore.

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Monsanto, Roundup Users Fight 'Attack' On $7.25B Deal

By **Rae Ann Varona**

Law360 (April 23, 2026, 12:17 AM EDT) -- Monsanto and a proposed class that entered into a $7.25B settlement resolving claims linking Roundup to non-Hodgkin lymphoma have urged a California federal court overseeing multidistrict litigation to reject two law firms' "baseless smear campaign" and "attack" on the pending deal, saying the deal falls outside the court's jurisdiction.

Monsanto Co. and the putative class in the proposed nationwide Roundup deal argue in a joint brief filed Tuesday that two "outlier law firms" representing a "small number of Roundup plaintiffs" cannot interfere with the Missouri court's ongoing judicial review of the proposed settlement filed in Missouri state court because the California federal court lacks jurisdiction.

Monsanto and the proposed class argue that attorneys from the two law firms — Weitz & Luxenberg PC and The Miller Firm LLC — did not "even try to explain" in a motion challenging the deal why the federal court has jurisdiction to issue injunctive and declaratory relief related to the settlement.

The firms instead proceed "as if this court's role as [a multidistrict litigation] court allows it to act on anything involving Roundup," Monsanto and the proposed class argue. "That is wrong."

A hearing on the dispute is set for April 30.

Monsanto and the proposed class also claim in their joint brief that the firms "are engaging in a baseless smear campaign," including by "brazenly" misstating and mischaracterizing the settlement.

They say law firms holding "roughly 60% of pending Roundup claims" back the settlement while the two law firms and one amicus firm "hold, among them, less than 1%."

"If any of movants' attacks had merit, one would expect the tallies to be reversed," Monsanto and the proposed class state.

They also contend the firms, "in an attempt to obtain an outsize recovery for their few cases," would "jeopardize a settlement that tens of thousands of plaintiffs want and leave all plaintiffs exposed to a potential [U.S.] Supreme Court preemption decision barring their principal legal theory."

"That is as wrong as it sounds, and there is no legal basis for this court to grant the relief sought," they assert.

The **potential Supreme Court decision** they referred to could strike down a $1.25 million verdict for a plaintiff named John L. Durnell, who claims he developed non-Hodgkin lymphoma after being exposed to Roundup.

Roundup, the herbicide at the center of years of mass-tort litigation, has drawn waves of personal injury suits claiming its active ingredient, glyphosate, causes cancer and other health problems.

Bayer AG inherited the portfolio of tort claims when it acquired Monsanto in 2018, taking on the agrichemical company's liabilities just as plaintiffs began filing tens of thousands of cases over legacy products.

In early March, a Missouri state court **preliminarily approved** an up to **$7.25 billion settlement** to be paid over as many as 21 years, marking a key step toward resolving most current and future claims across the United States that Roundup causes non-Hodgkin lymphoma.

Earlier this month, attorneys at Weitz and The Miller Law Firm, who also represent personal injury plaintiffs in Roundup cases, filed a joint motion in the California federal court, arguing that the proposed settlement "doubles down" on defects that the California federal court found had doomed a previous Roundup class settlement in 2021.

The two firms assert that the deal, which they say was "rubber-stamped" by the Missouri state court, uses an "ambiguous and overbroad class definition" that would "wrongly encompass people" whose federal cases arguably were not pending in the MDL on Feb. 17, 2026.

The settlement also has "oppressive opt-out procedures," they say. The firms claim that individuals wishing to opt out of the settlement must submit a written request to a settlement administrator containing 11 components, "which get worse and worse after the first five."

"People who want to be excluded from the settlement to save their valuable legal rights can only hope that their self-prepared submissions are unassailably worded and comport with the settlement administrator's interpretation of what is required," the firms assert.

Among the relief they are seeking is for the court to declare that all plaintiffs who already filed federal Roundup lawsuits or had lawsuits removed by Monsanto to federal court by the time the proposed deal was preliminarily approved, to be deemed "opted out" of the settlement, with the option of opting in should they wish to participate.

They also ask the court to bar Monsanto and class counsel in the Missouri proceeding from "challenging" opt-outs or from directing the settlement administrator to invalidate them.

In support of their injunctive relief request, the firms say Monsanto has "no valid equitable interest in trapping people in a class that they wish to exist."

The settlement also "threatens to close the courthouse doors to victims of dangerous products who suffered and suffer grave personal injury and/or death," they argue.

On Tuesday, Monsanto and the proposed class in the settlement say the requested injunctive relief is barred by the federal Anti-Injunction Act and does not meet any of the statute's exceptions.

The act provides that a U.S. court may not grant an injunction to stay proceedings in a state court except as "expressly authorized by act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments," they quote.

The two firms argue that federal courts have "broad authority" to provide relief from state court proceedings under the All Writs Act when it is "necessary or appropriate in aid" of the federal courts' jurisdiction.

That requirement is met when a stay is necessary to prevent a state court from interfering with a federal court's consideration or disposition of a case "as to seriously impair the federal court's flexibility and authority to decide that case," they say, quoting Supreme Court precedent.

Monsanto and the proposed Missouri proceeding class disagree.

On Wednesday, a Monsanto spokesperson told Law360 the settlement is "supported by plaintiffs' counsel representing tens of thousands of claimants and does not include the approximately 250 plaintiffs with claims pending before the MDL court as of the settlement date."

"Nearly all of the remaining cases in the Roundup litigation are pending in state court in Missouri, where the class has already received preliminary approval," the spokesperson said.

Christopher A. Seeger of Seeger Weiss LLP, who represents the proposed class, told Law360 on Wednesday that the two firms had previously settled their own Roundup cases "for billions of dollars" and then "abandoned tens of thousands of other victims and now seek to block their path to the justice and relief they deserve."

"We are confident in the strength of this agreement, which provides the clearest path to guaranteed compensation for Roundup victims at a moment of unprecedented threats from the Durnell Supreme Court case and the very real risk of a Bayer bankruptcy," Seeger said.

Counsel from the two firms did not immediately provide a comment.

Plaintiffs in the California MDL proceeding are represented by Robin L. Greenwald, Robert J. Quigley, Chantal Khalil Levy, Emma Dietz and Alicia Butler of Weitz & Luxenberg PC, and David J. Dickens of The Miller Firm LLC.

Monsanto is represented by Brian L. Stekloff and Rakesh Kilaru of Wilkinson Stekloff.

The putative Missouri proceeding class is represented by Christopher A. Seeger, David R. Buchanan and Steven J. Daroci of Seeger Weiss LLP, Eric D. Holland and Patrick R. Dowd of Holland Law Firm, Joseph F. Rice, Frederick C. Baker and Fidelma Fitzpatrick of Motley Rice LLC, Peter A. Kraus and Charles Siegel of Waters Kraus Paul & Siegel, John Eddie Williams Jr. and John Boundas of Williams Hart Boundas LLP, and Michael Ketchmark of Ketchmark & McCreight PC.

The case is In re: Roundup Products Liability Litigation, case number 16-md-02741, in the U.S. District Court for the Northern District of California.

--Additional reporting by Emily Field and Carla Baranauckas. Editing by Kristen Becker.

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TD Bank, Airline Data Co. Accused Of Sharing Info With Govt.

By **Sydney Price**

Law360 (April 22, 2026, 8:47 PM EDT) -- TD Bank NA and airline-owned financial technology company Airlines Reporting Corp. are facing a proposed class action in Delaware federal court accusing them of funneling airfare transaction data to the government through a "secret pipeline," in violation of consumers' financial privacy rights.

According to a **complaint** brought Tuesday by plaintiffs David Ramirez and Candice McIntyre, ARC is a clearinghouse co-owned by the nine largest U.S. airlines and uses financial infrastructure operated by TD Bank. A proposed data contract between ARC and U.S. Immigration and Customs Enforcement was publicly revealed in June 2025, uncovering the sale of "billions of flight records containing consumer personally identifiable information and financial information to multiple government agencies," the suit alleges.

"Until the recent media reports disclosing the sale of their information, plaintiffs and class members never knew of ARC's existence, never consented to providing their data to ARC, and never authorized ARC to sell or otherwise commercialize that data," the suit, filed in Delaware federal court, stated.

"The media reports, justifiably so, raised significant privacy concerns among consumer advocates and lawmakers," the suit said. "Critics noted that the data is collected and sold without traveler knowledge or consent, and the aggregated nature of the database provides law enforcement with surveillance capabilities not available through other means."

The complaint said ARC's Travel Intelligence Program, which was launched as a response to the attacks on Sept. 11, 2001, gives certain government agencies access to search travel records by name or credit card number.

TD Bank maintains highly sensitive personal and financial records for ARC and has served as its exclusive settlement bank since July 2021, according to the complaint.

The suit alleges the arrangement between TD Bank and ARC violates the Right to Financial Privacy Act, which is intended to prevent financial institutions from handing over personal financial records to the government without "individualized legal process and individualized notice."

"Yet TD Bank knew (or deliberately avoided knowing) that ARC was using the bank's charter to run a lucrative side business selling bulk access to the very same records it had access to by virtue of TD Bank's charter," the suit said.

Ramirez and McIntyre said they purchased airline tickets through a travel agency connected to ARC and TD Bank's settlement system. The suit alleges that ARC "essentially holds a monopoly" on processing airline bookings through U.S. travel companies, and, in November 2025 alone, ARC and TD Bank processed over $7.15 billion in sales.

"Plaintiffs were not even made aware that defendants would have access to their personal and financial information," the suit said. "Plaintiffs' statutory right to financial privacy — a right Congress deemed fundamental — was simply erased for the convenience and profit of a bank and an airline-owned data broker that was using TD Bank's charter."

The plaintiffs are seeking to represent a class of individuals whose travel purchases were processed by TD Bank and ARC's system "and exposed to federal agencies via the TIP without the safeguards the RFPA demands."

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

Ramirez and McIntyre are represented by Mark D. Richardson, Jonathan D. Waisnor and James M. Fee of Labaton Keller Sucharow LLP and Brian Levin of Levin Law PA.

Counsel information for ARC and TD Bank was not immediately available on Wednesday.

The case is Ramirez et al. v. TD Bank N.A. et al., case number 1:26-cv-00460, in the U.S. District Court for the District of Delaware.

--Editing by Covey Son.

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Key Tronic, SEC Settle Over Inventory Mismanagement Claims

By **Katryna Perera**

Law360 (April 22, 2026, 9:11 PM EDT) -- Key Tronic Corp. and two of its executives reached a settlement with the U.S. Securities and Exchange Commission over claims one of the manufacturer's facilities in Minnesota engaged in improper expense management and that the executives responded incorrectly to an internal complaint about the facility.

Under the terms of the deal announced by the SEC on Monday, Key Tronic CEO Brett Larsen will pay $20,000, and the company's Senior Vice President of U.S. Operations Nicholas Fasciana will pay $15,000 to resolve the SEC's claims. The company has no monetary obligations under the settlement.

According to the SEC, in the summer of 2020, a Key Tronic facility in Oakdale, Minnesota, was experiencing a decline in orders, creating what employees described as a $5 million revenue "forecast hole." To meet internal profit goals, facility personnel were given updates about inventory that needed to be classified as "work in progress" during a fiscal period, the SEC's Monday **order** states.

However, the commission contends that to address the challenges the facility was facing, the Oakdale facility employees "went beyond merely focusing on inventory levels." Worried that layoffs would occur if the facility was unprofitable, the facility's employees began classifying inventory as "work in progress" in the facility's inventory system even when they did not plan to begin production of those materials, according to the SEC.

"These false entries into the inventory system had the impact of improperly inflating Key Tronic's absorption and income and rendered Key Tronic's books and records inaccurate," the order states. "The Oakdale employees then reversed the transactions in Key Tronic's inventory system and books and records after period-end."

According to the SEC, the misconduct continued into fall 2020 after the Oakdale facility controller was informed there was "zero chance" that the facility could meet the company's internal targets "naturally."

In response, the SEC claims, Oakdale facility personnel created what they called "Monster Jobs" where they would falsely classify high-value inventory as "work in progress" even though "the assortment of parts issued to the jobs could not be combined to make an actual product."

These false entries again inflated Key Tronic's absorption and income, and employees reversed the entries after period-end, according to the order, and the practice continued for several months even after a regional controller informed Fasciana they were "very uncomfortable" with the practice.

According to the order, Oakdale employees and Fasciana also engaged in several other practices involving absorption that manipulated profits at the facility.

The truth came to light Jan. 26, 2021, according to the SEC, when Key Tronic was scheduled to release its quarterly earnings report. According to the order, that morning, the company's top brass received an internal complaint about "improper inventory movements" at the Oakdale facility, and within hours, members of the company's senior management investigated and validated the complaint's claims.

The company's second quarter financial statements were then corrected to account for the improperly moved inventory, and the corrective adjustments reduced Key Tronic's initial second quarter pre-tax income and its initial net income, the SEC says. But the order states Key Tronic also made three additional accounting adjustments to correct for other known accounting errors.

The SEC claims the cumulative impact of these adjustments increased Key Tronic's initial second quarter pre-tax income by approximately $764,000.

"Each adjustment, which corrected known errors, had the effect of increasing Key Tronic's initial pre-tax income and thereby offset most of the negative impact of the Oakdale misconduct," the order states.

Additionally, the SEC claims Larsen and other senior management members failed to conduct a sufficient materiality analysis to determine whether to correct an out-of-period error in the current period, adding that the executives "should have considered certain additional metrics and analysis in their assessment in light of the surrounding circumstances."

According to the SEC, had the out-of-period adjustments been recorded in periods in which the errors actually occurred, Key Tronic's net income for the second quarter of 2021 and fiscal 2021 would have been reduced by 44% and 14%, respectively.

"Moreover, year-over-year second quarter net income growth would have decreased from $0.8 million to $0.1 million and year-over-year second quarter [earnings per share] growth would have been reduced from $0.06 to zero," the order states.

The SEC declined to comment Wednesday, and Key Tronic did not immediately respond to requests for comment.

The SEC is represented in-house by John Archfield, Kristen Eddy, Samantha Williams, Melissa Armstrong, Kristen Dieter, Jeffrey Weiss and Stacy Bogert.

Counsel information for the defendants was not immediately available.

The case is In the Matter of Key Tronic Corp. et al., case number 3-22630, before the Securities and Exchange Commission.

--Editing by Kristen Becker.

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SBF Says He Wrote New Trial Bid Himself, But Asks To Pull It

By **Lauren Berg**

Law360 (April 22, 2026, 9:39 PM EDT) -- Imprisoned FTX founder Sam Bankman-Fried has told a New York federal judge that, although his attorney parents made suggestions regarding his motion for a new trial, he wrote the brief himself, but now wants to withdraw the request, because he doesn't "believe I will get a fair hearing on this topic in front of you."

Bankman-Fried's Tuesday **letter** came in response to U.S. District Judge Lewis A. Kaplan's **inquiry last month** into how much, if any, attorney help Bankman-Fried had in drafting his **pro se motion** for a new trial in which he accused prosecutors of leveraging "intimidation and threats to scare off defense witnesses."

"I conceived of the Rule 33 motion, formulated the arguments, drafted multiple versions of it myself, and did the bulk of the legal research while I was at [Metropolitan Detention Center] Brooklyn and had better access to legal materials, as well as a word processor," Bankman-Fried wrote, adding that none of his attorneys — including Alexandra A.E. Shapiro of Shapiro Arato Bach LLP and Marc L. Mukasey and Torrey K. Young of Seyfarth Shaw LLP — "had any significant input" into the motion.

He told the court that Mukasey and Young are no longer representing him, and that although Shapiro still represents him on his appeal to the Second Circuit, he did not consult her on his motion for a new trial.

In addition, he said he shared drafts of the motion with his parents, retired Stanford Law School professor Barbara Fried and Stanford professor Joe Bankman, who "made editorial and organizational suggestions, some of which I incorporated into the motion." Because he did not have access to a word processor once he was moved to a California prison, his parents also helped print the document, he said.

However, Bankman-Fried wrote, "I am the ultimate author of the documents and wrote the bulk of them myself, but can't comment on how you will ultimately interpret the standard in practice."

With that said, Bankman-Fried also asked Judge Kaplan to allow him to withdraw the motion without prejudice to renewing it after his appeal.

"As I have had to focus on responding to these questions rather than drafting a response to the prosecution's opposition, and because I do not believe I will get a fair hearing on this topic in front of you, I am now requesting to withdraw" the motion, Bankman-Fried wrote.

After Bankman-Fried's mother asked for a deadline extension on her son's behalf — to which Judge Kaplan **responded with a warning** that she is not allowed to make such filings — prosecutors expressed concern in a **letter** that some of his filings didn't actually come from him.

In response, Judge Kaplan ordered Bankman-Fried to inform the court, under penalty of perjury, whether his motion and two related filings were "drafted or prepared in whole, or substantial part, by an attorney or attorneys."

"Defendants in criminal cases have the right to represent themselves — i.e., to act pro se — or to be represented by counsel. They do not have the right to do both at the same time," the judge said, adding that he hasn't decided whether to consider Bankman-Fried's "purportedly pro se pending motion."

A representative for the government declined to comment Wednesday. Counsel for Bankman-Fried did not immediately return a request for comment.

Bankman-Fried is serving a **25-year sentence** after being **convicted of defrauding** FTX customers out of billions of dollars. His request for a new trial came while the **separate appeal** led by Shapiro is awaiting a decision from the Second Circuit.

He also asked that Judge Kaplan, who presided over his trial, recuse himself from ruling on the motion "because of the manifest prejudice he has demonstrated."

He argued that intimidation from the prosecution left him with no defense witnesses at trial. According to Bankman-Fried, three former FTX executives might have been willing to testify in his defense but declined after they were advised by their own counsel that doing so could expose them to greater prosecution risk.

The government in March called the motion a "transparent attempt" to further false narratives that Bankman-Fried's collapsed cryptocurrency exchange was solvent and he was a victim of political retribution.

Prosecutors argued that the witnesses Bankman-Fried says he would have called were known to his defense before trial, and none of the evidence he claims they could have shared would have led to a different outcome.

FTX's collapse in November 2022 revealed it had commingled customer funds with its sister hedge fund Alameda Research before a liquidity crisis forced FTX to halt withdrawals and file for bankruptcy.

Although Bankman-Fried has repeatedly criticized the bankruptcy process and maintains the exchange was solvent, multiple insiders testified at trial that Bankman-Fried directed a scheme to funnel FTX customer funds to Alameda Research for venture investments, political donations and real estate purchases.

The government is represented by Nicholas Roos, Thane Rehn and Danielle Kudla of the U.S. Attorney's Office for the Southern District of New York.

Bankman-Fried is representing himself. At the Second Circuit he is represented by Alexandra A.E. Shapiro, Theodore Sampsell-Jones and Jason A. Driscoll of Shapiro Arato Bach LLP.

The case is U.S. v. Samuel Bankman-Fried, case number 1:22-cr-00673, in the U.S. District Court for the Southern District of New York. The appellate case is U.S. v. Bankman-Fried et al., case number 24-961, in the U.S. Court of Appeals for the Second Circuit.

--Additional reporting by Aislinn Keely, Pete Brush and Elliot Weld. Editing by Brian Baresch.