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Securities

Agilon PE Backers Get Insider Trading Claims Cut From Lawsuit

April 23, 2026, 2:24 PM PDT

Agilon Health Inc. investors failed to adequately support insider trading claims against its private equity sponsor Clayton, Dubilier & Rice LLC, a federal court said after taking a second look at the proposed class action.

The investors identified only one CD&R entity, CD&R Vector Holdings LP, as a purchaser or seller of Agilon securities as needed for an insider trading claim under Section 20A of the Securities Exchange Act, according to the US District Court for the Western District of Texas. That meant insider trading claims against the rest of the CD&R companies and related individuals were deficient, Judge David Alan Ezra said Wednesday.

The insider trading claim against the company identified as a trader, Vector, failed because the investors didn't allege in sufficient detail whether or how it had actual possession of nonpublic information, Ezra said.

The ruling came in response to CD&R's request for reconsideration of Ezra's August 2025 ruling allowing claims over Agilon's financial projections, its business model, and patient utilization costs.

Ezra rejected Agilon's own request for clarification Tuesday.

Robbins Geller Rudman & Dowd LLP is lead counsel for the investors.

Sidley Austin LLP represents Agilon. A&O Shearman represents the underwriters of Agilon's IPO and following offerings. Debevoise & Plimpton LLP and Scott Douglass & McConnico LLP represent CD&R.

The case is In re Agilon Health, Inc. Sec. Litig. , W.D. Tex., No. 1:24-cv-00297, 4/22/26 .

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News from Bloomberg Terminal

Echoing Musk Tactic, Fund Seeks to Remove Judge From KKR Case

April 23, 2026, 2:38 PM PDT

Summary by Bloomberg AI

AI Generated

- A pension fund is suing KKR & Co. over a payout tied to its 2021 restructuring and has moved to disqualify the presiding judge, Vice Chancellor Bonnie W. David.
- The motion to remove David was submitted under seal, but filings include copies of judicial ethics rules, a hearing transcript, and news clippings about the judge's former firm.
- The lawsuit is part of a wave of cases challenging payments linked to similar reorganizations by private equity giants, with the suits alleging that influential insiders manipulated transactions to seize a disproportionate share of savings.

By Mike Leonard

(Bloomberg Law) --

A pension fund suing KKR & Co. over a $500 million payout tied to its 2021 restructuring moved to disqualify the presiding judge Thursday, an unusual maneuver that echoes Elon Musk’s successful gambit last month.

The filing in Delaware’s Chancery Court seeks to remove Vice Chancellor Bonnie W. David from a shareholder case challenging the private equity giant’s conversion from an umbrella partnership to an ordinary corporation. Because the motion was submitted under seal, the rationale for the request isn’t yet public.

Filings submitted alongside the motion include copies of judicial ethics rules, a hearing transcript from the case, and news clippings about the judge’s former firm, Skadden, Arps, Slate, Meagher & Flom LLP, which represents the KKR board’s conflicts committee.

The lawsuit, filed in 2024, is part of a wave of cases challenging payments linked to similar reorganizations, including by two of KKR's top peers, Apollo Global Management Inc. and Carlyle Group Inc. The suits say influential insiders manipulated transactions discarding the umbrella structure to seize a disproportionate share of the savings the firms recouped following changes to the tax code in 2018.

The bid to disqualify David flips the script three weeks after she took over the last batch of shareholder suits filed against Musk in Delaware before he moved Tesla Inc. to Texas in 2024. The billionaire succeeded in pushing aside Chancellor Kathaleen St. J. McCormick—a judge he's spent two years attacking—by raising bias allegations over her apparent support for a LinkedIn post gloating at his loss in a separate case.

McCormick, who's said she engaged with the post accidentally if at all, is the judge who initially voided Musk's record $56 billion pay package, which Delaware's top court restored in December. Although she technically denied Musk's motion for recusal, she agreed to randomly reassign the consolidated litigation. Just 11 days after getting the case, David sent it to Texas, where Tesla is now chartered.

Judicial recusal motions are rare in Delaware's main business tribunal, where courtroom foes often refer to one another as "my friend." It remains to be seen if Musk's eyebrow-raising move against McCormick killed that norm or merely wounded it.

The motion to disqualify David will likely be unsealed next week under court rules providing five days to redact confidential information.

The Steamfitters Local 449 Pension Fund is represented by Friedlander & Gorris PA, Robbins Geller Rudman & Dowd LLP, and Shobe & Shobe LLP. KKR, its founders, and other board members are represented by Richards, Layton & Finger PA and Simpson Thacher & Bartlett LLP.

The case is *Steamfitters Local 449 Pension Fund v. Kravis*, Del. Ch., No. 2024-0808, motion filed 4/23/26.

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Nvidia shareholders hit the jackpot. They're suing anyway.

reuters.com/sustainability/boards-policy-regulation/nvidia-shareholders-hit-jackpot-theyre-suing-anyway-2026-04-24

Jenna Greene April 24, 2026

A Nvidia logo appears in this illustration created on August 25, 2025. REUTERS/Dado Ruvic Purchase Licensing Rights, opens new tab

April 24 (Reuters) - It's difficult to muster much sympathy for investors who bought Nvidia stock in 2017 — those who held on have since enjoyed gains of 3,400% or more.

That hasn't deterred plaintiffs' lawyers from pressing a securities fraud class action, opens new tab against the chipmaking giant for nearly eight years, rooted in what proved to be a temporary slide in Nvidia's share price during the crypto-market turbulence of 2018.

Now, the plaintiffs may be closing in on a pivotal victory. The case is before the 9th U.S. Circuit Court of Appeals in San Francisco after a federal judge last month granted class certification – a make-or-break moment in securities fraud litigation.

San Jose, California-based Nvidia has asked the appellate court to take the unusual step of intervening before the lower court proceedings are complete. The company wants the 9th Circuit to overturn U.S. District Judge Haywood Gilliam Jr.'s order certifying a class, opens new tab of investors who allege Nvidia downplayed its dependence on volatile cryptomining-related revenues in 2017 and 2018.

Nvidia did not respond to a request for comment. The company's outside counsel from Milbank and Cooley argue in court papers that 9th Circuit guidance is urgently needed to "clarify two legal questions of enduring confusion" in the circuit.

First, they say Gilliam misapplied U.S. Supreme Court precedent in determining whether any alleged misstatements by company leaders actually affected Nvidia's stock price. Second, they argue the judge erred by certifying the class without requiring plaintiffs to present a detailed model for calculating damages – an argument that's recently gained traction in other circuits.

Nvidia's appeal has drawn amicus support from some of the heaviest hitters in the securities defense bar, including the U.S. Chamber of Commerce, the Securities Industry and Financial Markets Association and the National Association of Manufacturers.

The case presents “perhaps the two most litigated issues at class certification in securities cases,” said Sullivan & Cromwell co-chair Robert Giuffra Jr., who filed an amicus brief, opens new tab on behalf of seven former U.S. Securities and Exchange Commission officials and law professors siding with Nvidia.

Plaintiffs' lawyers from Kessler Topaz Meltzer and Bernstein Litowitz Berger and Grossmann did not respond to requests for comment. In court papers, they argue the case satisfies all requirements for class certification and mirrors other recent securities suits in the Northern District of California that have been certified.

Nvidia shareholders led by Stockholm, Sweden-based investment management firm E. Ohman J:or Fonder AB filed a suit in December 2018 after the company’s revenue fell short of projections.

Gilliam dismissed the case in 2021, but the 9th Circuit revived it, finding the plaintiffs adequately alleged that Nvidia and its CEO Jensen Huang made "false or misleading statements and did so knowingly or recklessly.”

The U.S. Supreme Court agreed to hear the case in 2024, only to dismiss it, opens new tab after oral argument as improvidently granted. The matter was sent back to Gilliam.

In a 50-page order on March 25 certifying the class, Gilliam dove into what Nvidia and Huang told investors in 2017 and 2018 about the company’s cryptocurrency business. For example, Huang said, "Crypto is small for us," and "Our core business is elsewhere."

Plaintiffs say those assurances masked the truth — that crypto played a larger role in Nvidia’s revenue than the company let on. Beginning in 2017, as the price of certain cryptocurrencies rose, Nvidia's chips became increasingly popular for cryptomining, a process that involves performing complex math equations in order to secure cryptocurrencies. But when crypto prices fell, so did demand for the chips.

The reckoning came in November 2018, when Nvidia reported that it missed its third quarter revenue target by 2% amid a “sharp crypto falloff." Company stock plunged 28.5% over two trading sessions.

To state a securities fraud claim, plaintiffs must show they relied on misstatements – and, crucially, that the alleged misstatements had a price impact. What’s tricky is determining whether Nvidia’s earlier, general comments about crypto actually inflated its stock price.

Nvidia argues its November disclosures did not “correct” any earlier misrepresentations. Pointing to the U.S. Supreme Court’s 2021 decision in Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System, the company contends there was a fatal “mismatch” between the prior, high-level statements downplaying crypto's importance and the later, more specific disclosures about third-quarter revenue.

While acknowledging "some mismatch," Gilliam was not convinced the front-end comments had zero impact. He pointed to remarks by analysts, who found the November revelations at odds with Nvidia's prior assurances minimizing crypto exposure.

Gilliam also rejected Nvidia's challenge to the plaintiffs' damages model. The judge held that plaintiffs' expert had proposed a viable "out-of-pocket" methodology for calculating class-wide damages, even if the details would be worked out later – a conclusion Nvidia says conflicts with the Supreme Court's 2013 decision in Comcast Corp. v. Behrend, opens new tab.

Similar disputes are percolating elsewhere. The 4th U.S. Circuit Court of Appeals is weighing the question in a securities fraud case against Boeing, and the 6th Circuit last year decertified a class action against Ohio utility FirstEnergy in part because of flaws in the plaintiffs' damages model.

Either the price-impact or damages question could be enough for the 9th Circuit to take up Nvidia's appeal — and potentially throw the company a lifeline.

At an April 21 status conference before Gilliam, Nvidia's lawyers offered few hints about whether the company would risk taking the case to a jury if class certification survives.

In the meantime, Gilliam ordered both sides to submit their best estimates of how long a trial might take.

"Both parties are saying it's premature to estimate the length of the trial, but it isn't," Gilliam said. "I have to block it out on my calendar."

Jenna Greene writes about legal business and culture, taking a broad look at trends in the profession, faces behind the cases, and quirky courtroom dramas. A longtime chronicler of the legal industry and high-profile litigation, she lives in Northern California. Reach Greene at jenna.greene@thomsonreuters.com

Class Action

Manage Newsletters

Resolute Holdings Sued Over GPGI Spin-Off, Platinum Equity Deal

April 23, 2026, 11:37 AM PDT

GPGI Inc. insiders schemed to siphon value by spinning off a separate entity that's exploiting its de facto corporate control to raise its own management fees through an acquisition binge, according to an unsealed lawsuit.

A GPGI investor is suing Resolute Holdings Management Inc. and its directors, all of them also on the board at GPGI, the former CompoSecure Inc. The management pact—giving Resolute broad rights over GPGI and annual fees worth 10% of adjusted earnings—has steered them toward transactions that jack up EBITDA, even if they harm the business, according to Wednesday's filing.

The shareholder suit in Delaware's Chancery Court echoes major themes for the business tribunal, which regularly confronts allegations that corporate control is being abused by founders or preferred investors wielding governance agreements, convoluted capital structures, or other novel levers of power.

Thanks to "onerous and expensive termination conditions" that lock in Resolute's role as manager, the arrangement "ensures the company will be slowly drained of value," the court complaint says. "Public stockholders have no way to fix the problem."

Resolute didn't immediately respond to a request for comment Thursday.

The lawsuit also targets GPGI's planned corporate relocation to Nevada, which will get a shareholder vote. The maneuver was allegedly announced only after the investor leading the litigation demanded deal-related documents from the company, a move that often foreshadows fiduciary breach claims.

Strategically timed reincorporations have become a major flashpoint in a cultural cold war between competing corporate constituencies grappling with fears that "DExits" to Nevada and Texas threaten Delaware's status as America's longtime corporate capital.

Musk-Like Gambit

Elon Musk, a harsh critic of Delaware's judiciary, earlier this month defeated his last remaining cases in the state based on a forum selection bylaw adopted only after Tesla Inc.'s move to Texas. The ruling raised concerns that other companies on the receiving end of potentially damaging document demands could try similar gambits.

The GPGI lawsuit takes specific aim at its deal to buy the larger Husky Technologies Inc. from its financial sponsor, Platinum Equity LLC, a buyout firm founded by Tom Gores, billionaire owner of the NBA's Detroit Pistons. Platinum allegedly retained 19% ownership of the combined company.

Platinum and Gores aren't named as defendants.

Although the merger reduced the GPGI stake held by the dual board members to 18%, their majority interest in Resolute meant they could continue exercising operational control while increasing their management fees by hundreds of millions over time, the suit says.

The market understood those basic dynamics, which is why Resolute's stock price has nearly tripled even as GPGI's has fallen, according to the court complaint originally filed under seal April 16.

The case involves both class action claims and shareholder derivative claims, which are technically filed on a company's behalf against its leaders or controlling stockholders.

The GPGI shareholder, Richard Scarantino, is represented by Labaton Keller Sucharow LLP, Equity Litigation Group LLP, Friedman Oster & Tejtel PLLC, Abbott Cooper PLLC, and RM Law PC. Resolute and its board haven't yet made court appearances.

The case is Scarantino v. Resolute Holdings Mgmt. Inc. , Del. Ch., No. 2026-0497, complaint filed 4/22/26 .

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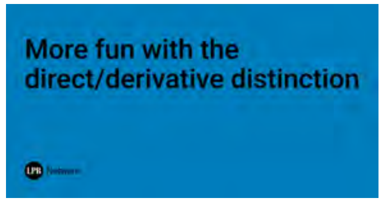
More fun with the direct/derivative distinction

businesslawprofessors.com/2026/04/more-fun-with-the-direct-derivative-distinction

Ann Lipton April 24, 2026



Last week, VC Will dismissed the plaintiffs' claims in *The Gregory M. Raiff 2000 Trust v. Jenzabar, Inc., et al.*. The complaint alleged a number of fiduciary breaches, including unearned stock giveaways to insiders over a period of 11 years that increased their ownership from 18% to 91%. Critically, the plaintiffs argued that the dilution of their voting power via the stock issuances was a *direct* claim, rather than a derivative one. VC Will disagreed:

> These are quintessential derivative claims. In *Brookfield Asset Management, Inc. v. Rosson*, the Delaware Supreme Court confirmed that "equity overpayment/dilution claims, absent more, are exclusively derivative." The harm alleged here—the improper extraction of corporate assets and equity—was suffered in the first instance by Jenzabar. Any resulting dilution of the minoritystockholders' voting power or economic interest is a secondary harm shared proportionally among all stockholders. The recovery for such claims flows to the corporation.

> The plaintiffs attempt to evade Brookfield by shoehorning their allegations into two recognized exceptions. Both arguments are unavailing.

> First, the plaintiffs argue that the dilution claims are direct because the cumulative transactions "resulted in a . . . change in control" under *Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc*. Brookfield acknowledged that a dilution based claim might be direct if it involves a transaction that shifts control from a diversified group of stockholders to a controlling interest, depriving the minority of a control premium. But a creeping accumulation of stock over a decade is not a *Revlon* transaction. There was no active bidding process, merger, or sale where Jenzabar's stockholders were wrongfully deprived of a control premium.

There are two separate ideas here that are worth teasing out. The first is VC Will's implicit suggestion that direct claims for dilution of control can only be brought in the context of some kind of active bidding process, merger, or sale. On that point, I actually interpret *Brookfield* differently; in my paper, *The Three Faces of Control*, I argued that *Brookfield* implied that specific reallocation of control rights away from some stockholders to others could give rise to a direct claim, focusing on this particular *Brookfield* quote:

> To the extent the corporation's issuance of equity does not result in a shift in control from a diversified group of public equity holders to a controlling interest (a circumstance where our law, e.g., *Revlon*, already provides for a direct claim), holding Plaintiffs' claims to be exclusively derivative . . . is logical and re-establishes a consistent rule that equity overpayment/dilution claims, absent more, are exclusively derivative.

And, as I discussed in the paper, prior to *Brookfield*, there were a limited number of Chancery decisions that also held that when a board permits an insider to gain enough shares to achieve hard control, resulting fiduciary claims may be brought directly. For example, in *Louisiana Municipal Police Employees' Retirement System v. Fertitta*, 2009 WL 2263406 (Del. Ch. July 28, 2009), plaintiffs were able to bring direct claims that a board improperly *failed* to deploy a poison pill, which allowed the company's chair and 46% stockholder to increase his stockholdings above 50% via open market purchases.

Notably, as I previously blogged, a couple of years ago, Chancellor McCormick seemed to agree with my interpretation of *Brookfield* in *Cascia v. Farmer*. There, Hertz engaged in a share buyback that increased a blockholder's stake from 39% to 56%. Chancellor McCormick held that fiduciary claims could be brought both directly and derivatively.

But there was a second aspect to VC Will's ruling, and that's the idea that there's a difference between handing control to someone in a relatively small and temporally-confined series of transactions, and distributing it slowly over a period of many years. *That*'s actually a bit more complex to tease out, and at bare minimum, it might suggest that the direct claims in *Jenzabar* ripened at the moment the insiders' holdings crossed the 50% threshold.

Anyhoo, this is an important issue that I hope the Delaware Supreme Court will provide some guidance on; as I pointed out in my previous blog post, there is a real chance at some point a board is going to sign a stockholder agreement with someone that gets challenged in a direct action, and Delaware will have to lay down ground rules about whether/when that is permissible.

And another thing. New *Shareholder Primacy* podcast is up! Me and Mike Levin talk about VC David's decision dismissing what were the last of the real Delaware claims against Tesla, and what it really would mean if a corporate board were to think like an activist. Here at Apple; here at Spotify; and here at YouTube.

Maryland Supreme Court throws out Baltimore’s opioid win

thebanner.com/politics-power/local-government/supreme-court-baltimore-opioid-case-QYUTTPIUTFEWTO2OJG73JDT7NQ

Madeleine O'Neill April 24, 2026

Madeleine O'Neill

The decision is a major loss for the city, which adopted a go-it-alone strategy for opioid litigation that appeared to be paying off. (Ulysses Muñoz/The Banner)

The Maryland Supreme Court tossed Baltimore’s $266 million victory in its opioid lawsuit against a pair of drug companies in a brief order issued Friday.

The decision is a major loss for the city, which adopted a go-it-alone strategy for opioid litigation that appeared to be paying off. Baltimore still won hundreds of millions of dollars in settlements from drug companies that decided to pay out and avoid trial, but Friday’s Supreme Court decision tosses a major jury verdict that found opioid manufacturers liable for the city’s overdose crisis.

The order does not give reasons, but it refers back to a recent decision that put the opioid verdict in jeopardy. In it, the high court rejected a key legal theory that underpinned Baltimore’s arguments: that drug companies could be held responsible for “public nuisance” caused by the products they distributed.

A spokesperson for the city did not immediately provide a comment on the decision. The drug companies, McKesson and AmerisourceBergen, also did not immediately comment. AmerisourceBergen is now known as Cencora.

The Supreme Court's order, signed by Chief Justice Matthew Fader, sends the case back to Baltimore City Circuit Court for further proceedings.

The city won $266 million at a jury trial against McKesson and AmerisourceBergen in 2024. A Baltimore judge slashed that verdict in half, offering the city a total of $152 million.

The city accepted the deal but appealed the decision and asked Maryland's Supreme Court to take up the case right away. Friday's order responds to that request.

About half a billion opioids flooded Baltimore City and Baltimore County between 2006 and 2019, the same years that drug companies were aggressively marketing painkillers and underplaying the risks of addiction, court records showed. The city argued that easy access to legal opioids created a pool of users who sought out more dangerous street drugs when painkillers became less available following a federal crackdown.

The city argued that drug companies should share in the cost of remediating the overdose crisis that followed. Baltimore has experienced the highest rate of overdose deaths of any major city in America, according to a series of articles from The Baltimore Banner and The New York Times.

Insight: After waiting years for justice, many Purdue opioid victims are defeated — by paperwork

reuters.com/legal/litigation/after-waiting-years-justice-many-purdue-opioid-victims-are-defeated-by-paperwork-2026-04-24

Dietrich Knauth April 24, 2026

Mary Anne Blanton holds a photograph of her mother Tammy Blanton, who died of opioid use, in Peoria, Arizona, U.S., April 15, 2026. REUTERS/Caitlin O'Hara

April 24 (Reuters) - Tammy Blanton's life unraveled after years of taking opioids initially prescribed for migraines, according to her daughter Mary Anne, who says the drugs left her mother isolated, unemployed and estranged from her family.

Tammy was given opioid prescriptions by multiple providers for decades — receiving more than 200 pills a month on average during one two-year period — and a medical examiner later concluded that oxycodone and extended-release morphine, along with alcohol and anti-anxiety drugs, contributed to her accidental death at age 58 in 2017.

When Purdue Pharma [sought bankruptcy protection in 2019](), Blanton believed her mother's story would qualify her for compensation. Purdue, whose painkiller OxyContin has been widely blamed for fueling the opioid crisis, [acknowledged misconduct]() and pledged to compensate those harmed.

While lawsuits over the crisis have generated more than $57 billion in settlements — mostly pledged to [state and local governments]() — [Purdue's deal]() is the only major agreement to set aside a substantial sum for individuals harmed by opioids, with about $865 million earmarked for them.

The fund represents the last and best chance for victims of the opioid crisis to receive any compensation. The sprawling litigation that once targeted nearly every major opioid manufacturer, distributor and pharmacy chain is largely over, and no comparable fund for individuals is coming.

For Blanton and many others, that promise is now slipping away. Reuters analyzed the vast bankruptcy record built over six years, including hundreds of legal filings, more than 100 letters from people seeking compensation, and interviews with eight victims and lawyers close to the case. The deal was hailed by both the company and the plaintiffs' lawyers as a victory for victims, but the news agency’s examination shows how the long, grinding bankruptcy wound up creating daunting hurdles for many trying to qualify for compensation.

Mary Anne Blanton, daughter of Tammy Blanton who died of opioid use, sorts through a box of medical records, research and mementos in Peoria, Arizona, U.S., April 15, 2026. REUTERS/Caitlin O'Hara

Mary Anne Blanton holds a photograph of herself and her mother Tammy Blanton, who died of opioid use, in Peoria, Arizona, U.S., April 15, 2026. REUTERS/Caitlin O'Hara

Blanton is among those who may receive nothing from the deal because they cannot produce records proving Purdue — and not a generic competitor — made the pills they or their relatives were prescribed. Many individuals were able to file claims without documentation when the process began, only to learn years later that records they needed had been destroyed.

The requirement that victims prove they took a Purdue-manufactured opioid can be very difficult to meet years later. Doctors' records typically list the drug prescribed, not the manufacturer. Insurance companies often steer patients toward generics to save money. Pharmacies can switch suppliers over time, and in many states, neither they nor doctors, hospitals nor insurers are required to retain records for more than a few years.

“To me, it's irrelevant whether Purdue manufactured her specific prescription — it ultimately came from them,” Blanton said. Purdue told “everybody that they were safe and not addictive. They created this mess.”

Members of the Sackler family, which owned Purdue, referred to the company for comment. Purdue declined multiple requests for comment.

BILLIONS, BUT FOR WHOM?

The documentation requirement was embedded in the bankruptcy plan Purdue negotiated with its creditors, reflecting its long-standing position that it should be held liable only for harms directly traceable to its products.

Victims and their lawyers say Purdue and its Sackler family owners should be held broadly responsible for igniting an opioid epidemic through aggressive and misleading marketing that drove widespread use of prescription painkillers, including generics, with many patients later turning to illegal drugs.

Purdue has twice pleaded guilty to federal criminal charges related to its marketing of OxyContin, admitting it misled regulators, doctors and patients about addiction risks and engaged in illegal practices to boost opioid sales.

Purdue is scheduled to be sentenced on April 28. The judge overseeing the criminal case delayed sentencing by a week to allow victims who wanted to speak about Purdue's conduct to participate in person.

When the company filed for Chapter 11, people who said they had been harmed by its opioid pills became creditors in its case — placed in the same legal category as states, cities and other governments that had sued the company.

> How much time do I put towards this, and energy and money, just to get to the end and then have them say, ‘No, denied’?

Michele Capozzi-Pollock

In March 2021, when Purdue introduced its initial bankruptcy plan, Steve Miller, chairman of the company’s board of directors, called it “historic” and said it would have “a profoundly positive impact on public health by directing critically-needed resources to communities and individuals nationwide.”

Purdue encouraged individuals to file claims. Almost 140,000 people did so by the September 2021 deadline, filling out a seven-page form that did not require detailed documentation. Some claims were filed by lawyers representing many clients, but many were submitted by people struggling with addiction or unable to afford a lawyer.

Purdue’s bankruptcy then dragged on for years, becoming entangled in appeals that eventually reached the [U.S. Supreme Court](). The settlement was negotiated behind closed doors, through confidential mediation sessions, as part of a complex bankruptcy that produced more than 9,000 court filings.

In May 2025, nearly four years after the deadline for filing claims had passed, a trustee appointed to administer the fund requested for the first time that people produce records proving that Purdue had manufactured the drug that caused their harm. He set a deadline of 60 days. The long delay made it more likely that the requested documents would no longer be available from doctors, pharmacies or insurers, which generally only need to retain records for a few years.

An earlier version of the plan would have allowed people without prescription records to qualify for a $3,500 payment if they signed a sworn affidavit saying they had used the drug. People with records and more serious harms could qualify for up to $48,000, according to court filings. But after the appeals process, the reworked deal limited payouts only to people who had records. The change was not discussed openly in court, which ProPublica was the first to report in a piece published Thursday.

Ed Neiger, an attorney who helped represent a group of about 30,000 victims, said plaintiffs' lawyers sought to make the requirements about what proof individuals needed to provide as flexible as possible, but ran up against demands from other lawyers negotiating the bankruptcy settlement that claimants provide proof similar to what would be required in a lawsuit. "We couldn't get it to a point where you could get recovery without a prescription. And the option was either, you know, blow up the settlement or take the concessions that you were able to extract."

Despite its shortcomings, the Purdue settlement offers an easier path to compensation than traditional litigation, Neiger said. Individual lawsuits against Purdue or the Sackler family would likely have taken years, cost significant sums and required far more detailed proof, with no assurance of success. No individual has ever successfully sued the Sacklers or Purdue over a personal opioid addiction.

Nevertheless, more than 40% of the claims filed have already been rejected by U.S. District Judge Sean Lane in White Plains, New York, who is overseeing Purdue's bankruptcy.

Even for those whose claims will be approved, recoveries are expected to be relatively modest. Purdue estimated in December that eligible individuals could receive about $8,000 or $16,000, depending on how long opioids were prescribed. Those figures are estimates, and they could rise if fewer claimants ultimately meet the documentation requirements, since the pool of money would be divided among fewer people.

PAPER TRAIL, DEAD ENDS

Purdue sold extended-release morphine under the name MS Contin and later extended-release oxycodone under the name OxyContin — the same drugs Blanton said her mother took in vast quantities over decades. She said in an interview that she knows her mother took some Purdue-manufactured pills, but could not prove that Purdue made the morphine or oxycodone her mother took. Purdue developed and first marketed both drugs, but many other companies later won approval to sell generic versions.

After her mother's death, Blanton began searching for records from doctors, hospitals and pharmacies to support her claim, but said much of the information required either no longer exists or was never recorded in the first place. Tammy's primary care physician had legally destroyed her records, Blanton said, and hospital records she obtained often did not identify the manufacturer. She was also unable to obtain records from Arizona's Medicaid program, which paid for most of her mother's prescription, because of documentation hurdles tied to proof of next-of-kin status and privacy rules.

Purdue says it has taken a flexible approach to documentation, accepting a range of evidence including prescription records, references to Purdue opioids in other qualifying documents, or photographs of prescription bottles. In a January court filing, the company described its requirements as "flexible and far less onerous" than the proof a plaintiff would need in a lawsuit.

Michele Capozzi-Pollock, a 59-year-old Massachusetts resident whose husband died after years of opioid use, laughed when she was told pill bottles could be used as proof of a claim. "Like I'm going to save 16 years' worth of prescription bottles," she said in an interview.

Capozzi-Pollock said she was told the claim would be denied because she did not respond to the documentation request sent last summer and addressed to her husband three years after his death.

"How much time do I put towards this, and energy and money, just to get to the end and then have them say, 'No, denied'?"

"AT A LOSS"

When Purdue in January asked the bankruptcy court to expunge more than 57,000 claims from people who did not respond to the trustee's May 2025 request for documentation, hundreds of victims sent letters to the court in protest.

Their letters describe not only difficulty obtaining records, but basic confusion about how the settlement works.

"I am at a loss and do not know what to do," wrote Terry Hughes, an inmate at Huttonsville Correctional Center in West Virginia, in a letter to the bankruptcy court dated February 20. Hughes said the pharmacy where he filled opioid prescriptions had closed years ago.

Plaintiff Michael Galipeau in his office, where he works as a therapist, in Hudson, New York, U.S., April 16, 2026. REUTERS/Dan Fastenberg

Michael Galipeau, a 42-year-old resident of Red Hook, New York, received an email in January with the subject line: "Purdue Pharma L.P., et al., Case No. 19-23649 Omnibus Claims Objection to Unsubstantiated Claims," almost six years after filing his claim.

Galipeau, who has struggled with opioid addiction for nearly two decades, became dependent on painkillers prescribed for a broken wrist in 2007, served time in prison for dealing drugs, and now counsels people recovering from addiction.

It wasn't until he reached page 3,024 of a 17,101-page PDF attachment that he saw the words: "Claimant failed to provide information to substantiate claim."

In an interview, Galipeau, who attended a February 26 court hearing in White Plains, said he tried to argue to Lane, the judge overseeing the case, that the settlement's documentation requirements were too restrictive. Lane cut him off and moved on to other speakers, including dozens who joined by Zoom.

During the hearing, the judge acknowledged the frustration many people expressed — over bureaucratic complexity and a sense that the process had left ordinary victims without guidance or recourse. Still, he agreed to Purdue's request to dismiss nearly all of the 57,000 claims.

Lane declined to comment.

The hearing, which Reuters listened to by phone, was one of several scheduled for this spring and summer as the court considers whether to dismiss the tens of thousands of remaining claims.

Not everyone will be shut out. Jill Cichowicz, a 47-year-old Richmond, Virginia resident who lost her twin brother Scott to an overdose in 2017, said she has records showing he was prescribed OxyContin and expects to qualify for a payment. She said Scott kept meticulous notes about the drugs he was taking and that her family hired an investigator and saved pill bottles listing Purdue as the manufacturer after his death — advantages she said many families lack. "I don't think the average person that's battling addiction is keeping, you know, copious records and Excel spreadsheets of everything they're taking," Cichowicz said. "I think they're just trying to survive."

Reporting by Dietrich Knauth, in New York; Editing by Alexia Garamfalvi, Amy Stevens and Claudia Parsons

News | **Mass Torts**

'It Sets a Very Bad Precedent': Roundup Settlement's Critics Ask Federal Judge to Intervene

Two co-lead plaintiffs' counsel in the Roundup multidistrict litigation filed an injunction motion earlier this month before U.S. District Judge Vince Chhabria, in California's Northern District, to intervene in a $7.25 billion class action settlement preliminarily approved last month by 22nd Judicial District Judge Timothy Boyer in St. Louis, Missouri.

April 23, 2026 at 04:27 PM By **Amanda Bronstad**

Judge Vince Chhabria, U.S. District Court for the Northern District of California. Credit: Jason Doiy / The Recorder

What You Need to Know

- U.S. District Judge Vince Chhabria, in California's Northern District, has scheduled an April 30 hearing on the injunction motion.
- The lawyers who filed the injunction, Robin Greenwald and David Dickens, who are co-lead counsel in the Roundup multidistrict litigation, criticized the settlement's overly broad nationwide class and onerous provisions to opt out of the deal by June 4.

- Monsanto and class counsel Chris Seeger and Eric Holland called the injunction motion a "baseless smear campaign."

A California federal judge has set a hearing next week on whether to intervene in a $7.25 billion class action Roundup settlement in Missouri state court.

Two co-lead plaintiffs' counsel in the Roundup multidistrict litigation filed an injunction motion earlier this month before U.S. District Judge Vince Chhabria of the Northern District of California, insisting that the settlement, which was preliminarily approved last month by 22nd Judicial District Judge Timothy Boyer in St. Louis, Missouri, included an overly broad nationwide class that encompassed Roundup plaintiffs with federal cases, then imposed onerous provisions to opt out of the deal by June 4. They want Chhabria, under the All Writs Act, to intervene.

"Instead of returning to this court, with ten years' experience presiding over the Roundup litigation, this group filed instead for approval of a nationwide class settlement in Missouri state court," Weitz & Luxenberg's Robin Greenwald in New York and David Dickens of The Miller Firm in Orange, Virginia, wrote. "That court rubber-stamped the settlement almost immediately, and deprived putative class members an opportunity to be heard."

They filed the April 8 injunction motion after class counsel Chris Seeger and Eric Holland, as well as Monsanto attorney Elaine Golin, disclosed that the proposed class in the Missouri settlement, while excluding about 4,000 Roundup cases in the multidistrict litigation, would include federal lawsuits filed or transferred to the multidistrict litigation after the settlement date of Feb. 17. It also would include federal cases that were remanded before Feb. 17 to the courts where they were originally filed.

That information was first disclosed in an April 8 letter to Weitz & Luxenberg partner Perry Weitz, according to the injunction motion.

Neither Greenwald nor Dickens responded to requests for interviews.

Several prominent law professors filed amicus briefs supporting the injunction and raised civil procedure and constitutional concerns, including University of California, Berkeley, School of Law Professor Erwin Chemerinsky; David Freeman Engstrom of Stanford Law School; and Norman Silber of Hofstra University's Maurice A. Deane School of Law.

Silber told Law.com about a list of grievances, such as a notice to class members that was misleading by referencing allegedly dire consequences of an upcoming U.S. Supreme Court case about Roundup, and fee provisions that disincentivize lawyers from opting their clients out of the settlement.

"And collectively, what's happening here is that the settlement agreement aligns the interests of the attorneys advising the plaintiffs with the interests of the defendants promoting the settlement," he said. "It sets a very bad precedent."

Chhabria set an April 30 hearing on the motion, four days after the U.S. Supreme Court is set to hear arguments in *Durnell v. Monsanto*, a Roundup case that class counsel and Monsanto insist could resolve much of the litigation.

On Tuesday, Monsanto attorney Brian Stekloff and class counsel behind the Missouri settlement opposed the injunction motion, insisting that the class definition was clear and that Weitz & Luxenberg already filed opt-outs on behalf of dozens of Roundup clients. They called the injunction motion a "baseless smear campaign."

Seeger, of Seeger Weiss in Ridgefield Park, New Jersey, told Law.com that the injunction motion is a "tactic" to hijack the settlement in exchange for a better deal for their own Roundup clients.

"The only cases in the MDL that would be included in the class definition are the two Perry filed for the purpose of making this motion," he said, referring to Perry Weitz. "Perry doesn't have any case in the MDL. All his cases are in Missouri, but he's trying to get this judge to enjoin the settlement, and it doesn't take a rocket scientist to figure out what Perry is up to: He basically wants to blackmail the settlement."

The lawyers supporting the settlement, including Aimee Wagstaff of The Wagstaff Law Firm in Denver, the former co-lead counsel in the Roundup multidistrict litigation, represent 60% of the class, according to Seeger's court filings.

So far, he told Law.com, fewer than 200 claimants have opted out of the settlement, which includes about 60,000 Roundup class members. Boyer has scheduled a July 9 final approval hearing at which objectors can argue against the settlement.

Weitz did not respond to a request for comment.

"Monsanto urges the court to deny the motion by two outlier firms attempting to interfere with the nationwide Roundup class settlement under review by a state court in Missouri," Bayer, which owns Monsanto, said in a statement. "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."

Stekloff, of Wilkinson Stekloff in Washington, D.C., did not respond to requests for comment.

'We Made This Settlement as Easy as Possible'

In turning to Chhabria, the firms behind the injunction hope to air grievances about the Missouri settlement before a more receptive judge. Greenwald and more than a dozen other lawyers claiming to represent 20,000 Roundup plaintiffs previously sought to intervene in St. Louis City Circuit Court before Boyer granted preliminary approval of the settlement on March 4. Greenwald then filed more notices, including clarity on whether federal Roundup cases transferred in or out of the multidistrict litigation are part of the class.

"Answers to these questions are urgently needed so that these federal Roundup plaintiffs and their attorneys can know their rights and obligations, and in particular whether they may be subject to the current opt-out deadline of June 4," she wrote.

That request prompted the letter to Weitz from Seeger and Holland of Holland Law Firm in St. Louis and Golin of Wachtell, Lipton, Rosen & Katz in New York.

Chhabria, who has been overseeing the multidistrict litigation for a dozen years, rejected a previous Roundup class action settlement in 2021 that would have provided $2 billion and medical monitoring of future claimants. He concluded that the deal favored Monsanto over the plaintiffs, particularly those who had yet to be diagnosed with non-Hodgkin lymphoma.

Greenwald and Dickens likened the Missouri settlement to the failed 2021 deal.

"The new proposed settlement does not cure the defining defects of the old one, but doubles down," they wrote.

But Seeger said the previous settlement also contained a controversial science panel that would have decided causation for Roundup claimants for four years—a provision that's not included in the Missouri deal.

"We're not doing that; nobody's getting challenged for causation," he said. "We made this settlement as easy as possible."

And Chhabria, in approving a common benefit fee order in 2021 to lead counsel in the multidistrict litigation, pushed back on the idea that he had jurisdiction to impose an assessment on lawyers with Roundup cases in state courts.

Seeger said Chhabria doesn't have jurisdiction over the Missouri settlement, or even Roundup cases that are remanded to their original courts where they were filed. His opposition cites the Anti-Injunction Act, which prohibits federal courts from halting state court proceedings.

"Judge Chhabria is an incredibly smart judge; there's no doubt in my mind he will look at these motions and conclude he doesn't have jurisdiction over the class action pending in another court in front of another judge," Seeger said.

Christopher Seeger of Seeger Weiss. Courtesy photo

Page printed from: https://www.law.com/2026/04/23/it-sets-a-very-bad-precedent-roundup-settlements-critics-ask-federal-judge-to-intervene/print/

Securities

Eye on the Industry

Burford Capital’s Court Loss Puts Focus on Financial Options

April 24, 2026, 3:00 AM PDT

Burford Capital Ltd.'s major court loss opens the door for paths to a stronger balance sheet, even as the litigation funder touts a “healthy” core business while preparing to announce a value write-down.

The US Court of Appeals for the Second Circuit on March 27 reversed a ruling that ordered Argentina to pay $16.1 billion to investors over the seizure of state-run oil company YPF SA. Burford stood to win a large share of the award before the reversal because it funded the investors’ lawsuit.

Burford said in the aftermath of the ruling it will write down the value of YPF previously tabbed at $1.7 billion. The write-down, which the company will detail when it releases first quarter earnings in the first half of next month, could affect Burford’s ability to take on new debt and maintain an ambitious growth target it had previously projected.

The situation makes the time right for Burford to consider options such as a secondary transaction that would let existing investors offload risk, a preferred equity raise to bring in new capital, or possibly even job reductions to save funds, analysts said.

“They do need to think about these various paths and think about capital structure options just because time is of the essence,” said Gian Kull, an investor in legal assets who previously managed the UK portfolio for rival litigation funder Omni Bridgeway. “But there is also a lot of wiggle room they have that they can play with.”

Burford had more than $700 million in cash and equivalents and marketable securities as of the end of 2025, the company has said. The litigation funder also had a group-wide portfolio of $7.5 billion, and in January the company said it planned to double the size of its core portfolio by 2030.

“We have never relied on cash proceeds from YPF to fund or grow the core business,” Burford CEO Christopher Bogart said in a March 30 statement, which also stated that growth plans don’t rely on debt in the short to medium term. “The core business is healthy, growing well and has produced consistently high asset returns.”

Burford declined to comment.

Possible Strategies

A secondary transaction—when an early investor sells shares to a new backer—is one opportunity for Burford after the court loss, said Ben Smyth, a founder of Lacuna Litigation Advisory, which provides consultancy services to legal asset investors.

Such a strategy would allow Burford to “obviously still communicate growth,” Smyth said. “You can basically offload some of that risk and some of the future deployment exposure.”

Omni Bridgeway announced in December 2024 that alternative asset manager Ares Management Corp. acquired a stake in its ongoing investments in a secondary transaction. Under the agreement, a new fund was created to include more than 150 Omni investments, and Ares acquired a 70% interest in the new fund for A$310 million ($221.8 million).

The public nature of the court reversal could affect its ability to negotiate a secondary, Smyth said. Burford would need to be certain that it doesn’t appear to be making such a move from a position of weakness, he said.

Another option is a preferred equity raise, because selling assets could prove difficult given Burford’s balance sheet stress following the court loss, Kull said.

“They’re obviously strongly incentivized to create as much optionality as possible in the asset to give themselves as much headroom as possible,” he said. “But it’s still not as much headroom as they had before.”

Potential Downsize

Burford, which employed 172 people as of the end of 2025, has more workers than it needs, and reducing headcount could be an option for the company, two former employees of the company said. They requested anonymity to discuss specifics of their former employer.

“I would see this as frankly an opportunity,” one of the former employees said, adding that Burford has a chance to “right size.”

Smyth said Burford operates in a large number of markets and that the company could consolidate those offices “to try to alleviate some of that cash pressure,” he said.

Meanwhile, Burford is considering legal options following the court loss.

It could seek a rehearing by the entire Second Circuit, US Supreme Court review, and treaty arbitration. The company will likely do a probability-weighted assessment as to the value of the case related to those three legal options, according to Smyth.

Burford said in its March 30 statement that en banc and Supreme Court proceedings are unlikely to be successful and that the company is much more optimistic about international arbitration. On Wednesday, former YPF investors told the trial judge that they intend to pursue international treaty arbitration along with further appeals.

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Class Action

Manage Newsletters

GM, Analytics Firms Fail to Shake Lawsuit Over Drivers' Data

April 23, 2026, 12:25 PM PDT

Summary by Bloomberg AI

AI Generated

- General Motors LLC and two analytics companies must face most claims of a proposed class action alleging they unlawfully collected and shared data about consumers' driving behavior with insurance companies without consent.
- The plaintiffs adequately pleaded claims against GM and its OnStar LLC subsidiary under the Federal Wiretap Act and several other laws, and against LexisNexis Risk Solutions Inc. and Verisk Analytics Inc. under the Fair Credit Reporting Act and several state consumer-protection laws.
- The plaintiffs alleged that GM and its dealers enrolled them in OnStar data-collection programs during the car-buying process without adequate disclosure of its extent, and that LexisNexis and Verisk used the data to develop profiles of drivers for sale to insurance companies and other third parties without consumers' knowledge or consent.

General Motors LLC and two analytics companies must face most claims of a proposed class action alleging they unlawfully collected and shared data about consumers' driving behavior with insurance companies without consent.

The plaintiffs adequately pleaded claims against GM and its OnStar LLC subsidiary under the Federal Wiretap Act, the Stored Communications Act, several common law causes of action, and analagous state statutes, Judge Thomas W. Thrash of the US District Court for the Northern District of Georgia said Wednesday.

They also adequately pleaded claims against LexisNexis Risk Solutions Inc. and Verisk Analytics Inc. under the Fair Credit Reporting Act and several state consumer-protection laws, Thrash said.

The plaintiffs alleged in a 2024 consolidated complaint that GM and OnStar recorded and stored data originating in GM vehicles, including data about driving speed, acceleration, braking, vehicle identification numbers, and location and GPS data.

GM then shared the information with LexisNexis and Verisk, which used it to develop profiles of drivers for sale to insurance companies and other third parties without consumers' knowledge or consent, the complaint said.

The plaintiffs alleged that GM and its dealers enrolled them in OnStar data-collection programs during the car-buying process without adequate disclosure of its extent. LexisNexis and Verisk separately licensed their databases of drivers' data to five of the top 10 insurers in the North American market, it said.

The defendants argued that the FWA claims should be dismissed because any interception involved only "record information" rather than the contents of the communications, but Thrash said the sensitivity of the information at issue—concerning consumers' use of their vehicles and their driving behavior—satisfied the definition of contents under the statute.

The plaintiffs also adequately pleaded at the motion-to-dismiss stage that GM wasn't a party to the communication that took place between them and the onboard computer system and that it "intercepted" the plaintiffs' communications as required for liability, he said.

They also provided enough facts to show consumer reports prepared by LexisNexis and Verisk contained inaccuracies, as required for FCRA liability, and that the two companies failed to follow reasonable procedures in responding to inaccuracies, Thrash said.

Thrash dismissed claims under the Computer Fraud and Abuse Act, the California Computer Data Access and Fraud Act, the California Consumer Privacy Act, and state consumer-protection laws where the claims involved allegations of inaccuracies in reporting or issues with dispute resolution.

Barnes Law Group LLC and Stueve Siegel Hanson LLP are co-lead counsel for the plaintiffs and the proposed classes. King & Spalding LLP represent GM and OnStar. Troutman Pepper Locke LLP represents LexisNexis. Hogan Lovells US LLP represents Verisk.

The case is In re Consumer Vehicle Driving Data Tracking Collection , N.D. Ga., No. 1:24-md-03115, order 4/22/26 .

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Bloomberg Law

Manage Newsletters

Databricks Fails to Shake Authors’ AI Training Copyright Lawsuit

April 23, 2026, 12:11 PM PDT

Software company Databricks Inc. lost its bid to dismiss a proposed class action from a group of authors who allege the company trained its large language AI model on their books without permission.

The ruling by Judge Charles R. Breyer of the US District Court for the Northern District of California, said the authors had sufficient evidence to support their allegations that Databricks had made unauthorized copies of their books at this early stage of the case.

Breyer had previously dismissed the copyright suit but allowed the authors to file an amended complaint when additional evidence obtained during discovery.

The ruling, entered Wednesday, rejected Databricks’ argument that its AI model DBRX hadn’t infringed the authors’ copyrights because the company had only used the books in the initial development of the model and not the final training data set.

The complaint “does tie the copying to DBRX itself,” Breyer said.

Fenwick & West LLP represents Databricks. Joseph Saveri Law Firm LLP, Cafferty Clobes Meriwether & Sprengel LLP, Susman Godfrey LLP, and Lieff Cabraser Heimann & Bernstein LLP represent the plaintiffs.

The case is In Re Mosaic LLM Litig. , N.D. Cal., No. 3:24-cv-0145, entered 4/22/26 .

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Class Action

Manage Newsletters

Google Seeks Relief From ‘Incognito Mode’ Suits in Federal Court

April 24, 2026, 7:50 AM PDT

Google LLC’s effort to fend off damages claims from consumers alleging its Chrome browser continued to collect their data after they activated the browser’s private “incognito mode” is moving to federal court.

The web giant removed nearly 50 such cases Wednesday and Thursday from California Superior Court to the US District Court for the Northern District of California, and indicated in court filings that another nearly 1,900 cases could be on the way.

The complaints bring claims for damages on behalf of more than 96,000 members of a certified federal class that settled in April 2024 over allegations that Google intercepted their sensitive personal data while they were using Chrome’s incognito mode, which was supposed to enable private browsing.

The proposed settlement in *Brown v. Google LLC* requires Google to delete billions of records, but doesn’t provide monetary relief to Chrome users, instead allowing them to sue for damages in state court. The parties reached the deal after Judge Yvonne Gonzalez Rogers denied certification of a damages class, finding that individual issues of implied consent were likely to predominate over common issues.

The plaintiffs originally sought $9 billion in damages.

Attorneys from two of the lead plaintiff firms in *Brown*, Boies Schiller Flexner LLP and Morgan & Morgan, began filing the individual lawsuits for damages in state court in March 2024. The complaints initially included state-law claims only, but some were recently amended to include a claim under the Federal Wiretap Act.

That opened the door to federal jurisdiction, Google said in a notice of removal filed April 16 in the lead case in the mass action, *Luna v. Google LLC* . It intends to remove the remaining complaints as they are amended to add a claim creating federal jurisdiction, the notice said.

Google also filed a motion the next day asking that the *Luna* action be deemed related to *Brown* and assigned to Rogers, who retains jurisdiction over that case. The plaintiffs raised no objection in response and suggested that a process involving bellwether trials would allow the litigation to proceed efficiently.

Cooley LLP represents Google.

The lead case is Luna v. Google LLC , N.D. Cal., No. 5:26-cv-03246, notice filed 4/16/26 .

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California suit over ultraprocessed foods sent back to state court

courthousenews.com/california-suit-over-ultraprocessed-foods-sent-back-to-state-court

Carly Nairn April 24, 2026

(Pixabay image via Courthouse News)

OAKLAND, Calif. (CN) — A federal judge on Thursday tossed a first-of-its-kind lawsuit brought by the San Francisco city attorney against major food manufacturers over ultraprocessed foods back to state court.

In December, San Francisco sued several major food companies in San Francisco Superior Court. The city claims the "unfair and deceptive" marketing of ultraprocessed foods violated California's Unfair Competition Law and public nuisance statute.

The city says ultraprocessed foods such as candy, chips, processed meats, sodas, energy drinks, boxed macaroni and cheese and cereal take a toll on the public health care system, with states and cities taking up much of the burden. It claims the foods were "designed to be cheap, colorful, flavorful, and addictive."

It seeks a statewide order enjoining the manufacturers from "deceptive marketing," to stop and abate the companies' public nuisance and civil penalties on behalf of the people of California.

In January, the food manufactures got the case removed to the Northern District of California, but U.S. District Judge Jon Tigar, a Barack Obama appointee, issued a quick ruling after a Thursday hearing on venue.

"The court concludes that the statewide injunction request is the primary relief sought and that the available forms of relief slightly favor finding the state to be as the real party in interest," he said in his order.

At the Thursday hearing, PepsiCo attorney Josh Wesneski, representing over a half dozen large food conglomerates with some of the most well-known brands on the markets, said the real party in interest is San Francisco and not California, and the city and county would receive all the potential civil penalties in the case just as an individual would.

"Even if the county has to use these funds for civil protection purposes, it's ultimately the county's decision how to use those funds within that sphere," he said.

Wesneski said "money is fungible," and if the plaintiff prevails and wins $1 million in the case, it would ultimately go to its civil consumer protection fund, not the state or its residents, making room in its budget to fund other things.

Other defendants include Kraft Heinz Company, which makes Kool-Aid and Lunchables, and Kellogg, which makes cereals, Pop-Tarts and Pringles. General Mills and Post Holdings, along with the Coca-Cola Company, Mondelez International, Nestle USA, Kellanova, Mars Inc. and Conagra Brands are also defendants.

The city claims the companies have "created a public health crisis," arguing that consuming ultraprocessed foods can be directly tied to health risks including obesity, Type 2 diabetes, heart disease and cancer. The city additionally accuses the companies of deliberately targeting children, communities of color and low-income consumers, copying the playbook of Big Tobacco.

Jesse Lanier, representing the San Francisco City Attorney's Office, said it brought the suit on behalf of the people of California, because "the defendants have collectively and individually manufactured and distributed these dangerous food products throughout California."

With the case moved back to San Francisco Superior Court, San Francisco can access a lower standard for injunctive relief.

"Civil penalties collected by San Francisco used for future consumer enforcement and consumer protection statutes, which serves a state interest, means that's money the state doesn't have to spend pursing that exact same interest," she said.

"That is one of the reasons why the Legislature expressly granted local prosecutors the concurrent authority to bring cases just like this one before the court today."

How to get your IEEPA tariff refunds

reuters.com/legal/legalindustry/how-get-your-ieepa-tariff-refunds--pracin-2026-04-22

Chris Duncan, Anya Ram April 22, 2026

A U.S. flag and a "tariffs" label are seen in this illustration taken April 10, 2025. REUTERS/Dado Ruvic/Illustration Purchase Licensing Rights, opens new tab

April 22, 2026 - On February 20, 2026, in Learning Resources, Inc. v. Trump and Trump v. V.O.S. Selections, Inc., the Supreme Court invalidated all tariffs the President imposed under the International Emergency Economic Powers Act (IEEPA). The Supreme Court did not provide guidance on how importers can obtain tariff refunds, but, on remand, the U.S Court of International Trade (CIT) answered this refund question.

Starting on March 4, 2026, first in lead case AtmusFiltration, Inc. v. United States (No. 26-cv-01259) and now in lead case Euro-Notions Florida, Inc. v. U.S. Customs and Border Protection, et al.(Court No. 25-00595), the CIT ordered U.S. Customs and Border Protection (CBP) to administratively refund all IEEPA tariffs to all importers who paid them, not just importers who filed lawsuits.

This includes refunds for unliquidated, liquidated, and finally liquidated entries. To implement the CIT's order, CBP has developed a new module in its Automated Commercial Environment (ACE) system called the Consolidated Administration and Processing of Entries (CAPE), which went live on April 20, 2026.

Background

To understand how tariff refunds are processed, it is critical to first know how tariffs (also known as "duties") are collected. Pursuant to 19 C.F.R. Part 142, to import merchandise, within 10 days of the date of entry (the date the merchandise arrives at a US port), for each "entry" (cargo shipment) an importer, usually through a licensed customs broker, must file entry summary paperwork along with a deposit of estimated tariffs electronically through CBP's ACE system.

Under 19 U.S.C. § 1504, entries "liquidate" (finalize) within one year of entry. "Liquidation" means the final computation or ascertainment of tariffs due on entries. See 19 C.F.R. § 24.36. To ensure entries do not automatically liquidate by operation of law at the one-year mark, by policy, CBP typically liquidates entries on the 314th day after the date of entry, although CBP can liquidate entries earlier or later. "Unliquidated entries" are entries that CBP has not yet liquidated (usually less than 314 days after the date of entry).

"Liquidated entries" are entries that CBP has liquidated (usually 314 days or more after the day of entry) or that are deemed liquidated by operation of law because one year has passed since the date of entry and CBP has taken no action. If there is underpayment, CBP will issue a bill for additional tariffs, and if there is overpayment, CBP will issue a refund with interest. "Finally liquidated entries" are liquidated entries where more than 180 days have passed after the date of liquidation.

In early February 2025, President Trump began imposing tariffs on imported merchandise from China, and Mexico and Canada ("fentanyl" tariffs) under the IEEPA. In April 2025, the President imposed IEEPA tariffs on imported merchandise from all countries ("reciprocal" tariffs). President Trump also imposed other more specifically tailored IEEPA tariffs on imported merchandise from certain countries, such as Brazil and India.

Multiple importers challenged the legality of the President's IEEPA tariffs in court, and the matter was ultimately appealed to the U.S. Supreme Court, which invalidated the tariffs, and remanded the case to the CIT, which ordered CBP to administratively refund all IEEPA tariffs. CAPE is CBP's proposed method to comply with the CIT's order.

CAPE Phase I

In CAPE Phase I, CBP will mass process IEEPA tariff refunds only for unliquidated entries and liquidated entries for which CBP's 90-day voluntary reliquidation period under 19 U.S.C. § 1501 has not expired. CBP will process these entries by removing the IEEPA tariffs and liquidating or reliquidating them without the tariffs, resulting in an overpayment. CBP will then issue a refund, including interest (currently at a rate of 7% per annum), as provided for in 19 U.S.C. § 1505 and 19 C.F.R. § 24.36, within 45-60 days after processing.

CBP likely chose to first process these types of entries in Phase I because it has the unilateral legal authority under 19 U.S.C. §§ 1500 (authority to liquidate unliquidated entries) and 1501 (authority to voluntarily reliquidate liquidated entries up to 90 days after liquidation) to liquidate or reliquidate these entries.

Importantly, although CBP has the authority and capability to unilaterally process refunds without any prompting, it will not do so without affirmative action by importers or their customs brokers. Rather, importers or the customs brokers who filed eligible entries are required to access the CAPE module in ACE and submit a CAPE declaration containing a list of eligible entries in .csv format.

CBP only allows importers or the brokers who filed the entries to file CAPE declarations because CBP considers filing a CAPE declaration to be "customs business" as defined in 19 C.F.R. § 111.1 tantamount to filing a post-summary correction (PSC) under 19 C.F.R. § 141.64, which can only be done by an importer or a licensed customs broker.

Unlike PSCs, however, which CBP processes on an entry-by-entry basis, in CAPE, CBP will mass correct all entries in each declaration by simultaneously removing IEEPA tariffs and issuing a single refund for all eligible entries in each declaration, plus interest.

Given CBP did not exercise its authority under 19 C.F.R. § 159.12(a)(1) to grant importers' requests to extend liquidation of unliquidated entries with IEEPA tariffs, entries will continue to liquidate as time passes. Consequently, importers are encouraged to promptly file CAPE declarations for currently eligible entries as soon as possible starting on April 20, 2026, to ensure as many entries as possible are processed for refunds via CAPE Phase I.

Future CAPE phases

In subsequent CAPE phases, CBP has indicated it will evaluate whether and/or how it will process IEEPA tariff refunds for entries that do not fall within the parameters of CAPE Phase I, such as entries that have been flagged for reconciliation, entries on a drawback claim, entries covered by an open protest, and entries for which liquidation is final.

Interestingly, CBP has not directly indicated how it will eventually process liquidated but not finally liquidated entries (entries that are 81 to 180 days past liquidation) that have not been protested. Further, the government has not agreed that the CIT has the authority to reliquidate finally liquidated entries (entries that are more than 180 days past liquidation).

In accordance with the rule of finality set forth in 19 U.S.C. § 1514(a), the government has previously successfully argued that failure to protest within this period forecloses reliquidation and associated relief, such as reduced duties or refunds. While CBP and the government do not explicitly say so, they are taking the position that unless CBP has explicit authority to liquidate or reliquidate, CBP will not refund IEEPA tariffs unless an importer files a protest under 19 U.S.C. § 1514.

Given these positions, even the CIT has advised importers to preserve their rights to refunds by filing protests in accordance with 19 U.S.C. § 1514 because failure to do so may result in the forfeiture of refund eligibility. If CBP does not approve these protests, importers must proceed to the CIT under standard 19 U.S.C § 1581(a) jurisdiction.

For un-protested entries that are beyond the 180-day protest period where liquidation is thus final, the government may contest the CIT's ability to order reliquidation of these finally liquidated entries that could have been protested.

The government successfully advocated this position in recent litigation over Section 301 tariff exclusions.

Accordingly, if the government appeals the CIT's sweeping IEEPA tariff refund mandate to CBP, it will most likely focus here, on the issue of ordered refunds for finally liquidated entries. Hence, it is critical that importers file timely protests to avoid being caught up in this legal quagmire.

Recommended course of action

Importers should prioritize preparation for both CAPE declarations and protest submissions. This dual-track approach ensures that all potential refund opportunities are preserved while aligning with CBP's administrative framework. It also minimizes the need for reactive decision-making under tight deadlines, which can lead to errors or missed opportunities.

A foundational element of this preparation is robust recordkeeping. Importers should maintain comprehensive entry records listed in the 19 C.F.R. Appendix to Part 163 for all shipments subject to IEEPA duties, including CBP Form 7501 entry summaries, duty payment records, commercial invoices, packing lists, and bills of lading or airway bills. If CBP disputes an importer's refund claims, these records may be essential for substantiating refund claims, whether submitted through CAPE, via protest, or in court.

After filing CAPE declarations for all eligible entries, importers should carefully evaluate which entries to protest and which to reserve for submission in future CAPE phases based on timing and risk tolerance. Generally, once entries reach 150 days post-liquidation (within 30 days of the protest deadline), importers should consider filing protests to ensure they do not miss the statutory protest deadline even though this may disqualify these entries from a putative CAPE Phase II.

In sum, to best protect importers' right to IEEPA tariff refunds, they should work with their customs brokers to file CAPE declarations for eligible unliquidated and liquidated entries and seek legal advice on which liquidated entries to protest.

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Analysis | **Law Firms - Large**

Big Law PACs Heavily Favor Republicans in '25-'26 Races

Of the 43 Am Law 200-affiliated PACs analyzed by Law.com, 37 firm PACs disbursed more money to Republican campaigns or affiliated PACs than to Democrats.

April 23, 2026 at 01:34 PM By **Amanda O'Brien** **Abigail Adcox**

U.S. Capitol building in Washington, D.C. Photo: Diego M. Radzinschi/ALM

What You Need to Know

- Republican campaigns generated just over $1 million more from law firm PACs than Democratic campaigns, according to the Law.com analysis.
- Meanwhile, the national party committees continue to turn to the same cohort of law firms for outside counsel as in prior years.
- The data captures periods during which the GOP has controlled Congress and the presidency.

Law firm PACs are spending more on Republican political campaigns at both the state and federal level, according to a Law.com analysis of Federal Election Commission data from 2025-26.

Of the 43 Am Law 200-affiliated PACs analyzed by Law.com, 37 firm PACs disbursed more money to Republican campaigns or affiliated PACs than to Democrats. In the aggregate, Republican campaigns generated just over $1 million more from firm PACs than Democratic campaigns, a continuation of a trend highlighted in 2024.

The data captures periods during which the GOP has controlled Congress and the presidency.

In total, the group of 43 firms disbursed more than $8 million to campaigns and PACs between Jan. 1, 2025 and March 31, 2026. Democratic campaigns and organizations raked in $3.46 million, while Republicans received $4.5 million over that period. Disbursements to groups that split contributions between political parties received $63,300. The firm PACs are disbursing funds raised by their own attorneys.

Even though a majority of firms leaned Republican in their disbursements, some firms almost evenly divided funds between parties. For example, Bryan Cave Leighton Paisner donated $21,500 to Democrats and $22,000 to Republicans; Foley Lardner divided donations with $75,500 going to Democrats and $77,000 going to Republicans; and Michael Best & Friedrich donated $24,000 to Democrats and $23,000 to Republicans, with an additional $1,000 going to PACs that split donations between parties.

Firms that spent the most money on political contributions since the start of 2025 include McGuire Woods, Cozen O’Connor, Brownstein Hyatt Farber Schrek, and Greenberg Traurig, all of which spent more than $500,000 each in campaign contributions. McGuire Woods contributed a total of $966,420 to political campaigns through March 31; of those donations, $420,860 were made to Democrats and $545,560 were made to Republicans.

Cozen O'Connor's disbursements, however, favored Democratic campaigns and organizations, which received $425,000. Republicans received $336,650, and organizations that divide donations received $22,500 from the firm’s PAC.

Brownstein's disbursements favored Republicans, giving $307,500 to party campaigns and organizations with an additional $295,000 going to Democrats; Greenberg Traurig’s disbursements were nearly evenly split, with $273,000 going to Democrats and $272,500 going to Republicans.

The most polarized firm PAC disbursements came from McGuire Woods, which gave $124,700 more to Republicans than Democrats, and Venable, which gave $101,150 more to Republicans than Democrats.

Pillsbury Winthrop Shaw Pittman made the smallest total contributions over the period, donating only $19,000 total. Of that, $8,000 went to Democrats and $11,000 went to Republicans.

PAC disbursements skewing toward Republicans is not surprising, as Republicans remain in control in Congress and the presidency. However, several years ago, the reverse was true. From 2023 to 2024, 110 law firm PACs collectively gave about $11.6 million to candidates, with roughly 55% going toward Democrats and nearly 45% going toward Republicans, according to data from OpenSecrets.

Most of the firms with law firm PACs maintain government relations and policy practices. For instance, in the first three months of this year, Brownstein reported $20.3 million in lobbying revenue—the largest revenue in a quarter for the firm, according to Lobbying Disclosure Act filings this week.

Top Paid Counsel for Democrats and Republicans

A cohort of law firms, meanwhile, are raking in money from legal services and consulting they are providing to national party committees.

The Democratic National Committee has paid over $1.09 million to Perkins Coie, $1.03 million to Elias Law Group, $717,287 to Atlanta-based Bondurant Mixson & Elmore, $535,420 to Wilmer Cutler Pickering Hale and Dorr and $476,216 to Hecker Fink, according to a Law.com analysis of Federal Election Commission records between Jan. 1, 2025, through mid-April of this year.

Perkins Coie and Wilmer were both hit with executive orders signed by President Donald Trump last year, which cited the firms' alleged partisan representations. Elias Law Group has represented the DNC in voting rights litigation and provided election law counsel.

During that same period, the Democratic Congressional Campaign Committee, the campaign arm for Democrats in the House of Representatives, paid $1.04 million to Elias Law Group, $26,622 to Perkins Coie, $15,416 to Vantage Legal, $5,498 to Stoel Rives and $4,180 to Ryan Swanson & Cleveland.

The Democratic Senatorial Campaign Committee, the campaign arm for Senate Democrats, paid $3.27 million to Elias Law Group, $65,221 to the Law Office of Adam Bonin, $24,993 to Bravo Schrager, $7,047 to Vantage Legal and $6,020 to Asteak Law Offices.

Meanwhile, the Republican National Committee has paid over $5.01 million to Consovoy McCarthy, $2.54 million to Dhillon Law Group, $1.83 million to Jones Day, $781,163 to California-based Geragos & Geragos and $695,985 to Dickinson Wright during that same period.

For instance, Consovoy McCarthy is representing the RNC in challenging a redistricting referendum effort in Virginia, according to court records. Dhillon Law Group, meanwhile, represented the RNC in a lawsuit accusing Google of anti-Republican bias last year.

The National Republican Congressional Committee, the campaign arm for Republicans in the House of Representatives, paid $2.75 million to Jones Day, $1.14 million to Dhillon Law Group, $1.01 million to Wiley Rein, $601,061 to Holtzman Vogel Baran Torchinsky & Josefiak and $577,077 to Troutman Pepper Locke.

The National Republican Senatorial Committee, the campaign arm for Senate Republicans, paid $2.2 million to Jones Day, $1.24 million to Wiley Rein, $647,034 Holtzman Vogel, $349,821 to Clement & Murphy and $300,000 to Consovoy McCarthy during that period.

The disbursements are for a variety of purposes, such as regulatory and compliance advice related to campaign finance laws, as well as voting rights, election and ballot litigation.

The cohort of top-paid firms as outside counsel for the national party committees remains largely similar to recent years.

Lawyers should disclose when AI causes errors, appeals court says

reuters.com/legal/government/lawyers-should-disclose-when-ai-causes-errors-appeals-court-says-2026-04-23

Mike Scarcella April 23, 2026

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

April 23 (Reuters) - Lawyers should be candid with judges when using generative artificial intelligence for legal work creates errors in court filings, a state appeals court said, in a ruling that underscored the judiciary's growing concern with AI-related misuse.

In an order, opens new tab on Wednesday, the Oregon Court of Appeals sanctioned a lawyer over her use of AI in a defamation lawsuit and delivered a broader message to attorneys, saying that their willingness to identify AI-generated errors "is critical as we assess how the use of that technology squares with our obligation to maintain the rule of law."

Documenting the role of artificial intelligence in the "fabrication of law," the court panel said, will better allow judges to evaluate whether the benefits of the technology outweigh its risks.

State and federal judges across the country are increasingly confronting court briefs tainted by errors or made-up material produced by AI, sometimes without admissions from lawyers about whether and how the technology was used.

The Oregon decision marked the first time the appeals court imposed legal fees as a sanction for fabricated law tied to AI use, rather than ordering a fine payable to the court.

The order stemmed from the court's finding that a brief contained fabricated quotations and other errors. The court struck the filing, which had been submitted on behalf of a member of the Oregon Republican Party seeking to revive their defamation lawsuit against another party member.

Attorney Abby Shearer, representing the plaintiff, acknowledged to the court that generative AI had been used as a research and drafting aid and that some material had not been independently verified before filing. She told the court that steps had been taken to prevent a recurrence.

Shearer did not immediately respond to requests for comment.

Jill Gibson, who represents the defendant in the lawsuit, in a statement said, "attorneys who use AI research without verifying the results can send their opposing counsel on a legal wild goose chase. This damages trust between counsel and drives up the costs of litigation.”

The appeals panel said it appreciated Shearer's "explicit, if belated, acknowledgment" of her use of generative AI. Shearer did not identify which AI tools she used.

"Regardless of provider, a generative artificial intelligence program is not, itself, a lawyer," the appeals court said.

The court ordered the plaintiff's attorneys to pay about $8,000 in legal fees to the defendant, compensating for the cost of responding to the defective court filing.

The case is Williams v. Honl, Oregon Court of Appeals, No. A186656.

For Williams: Abby Shearer of Lafky & Lafky

For Honl: Jill Gibson of Gibson PC

Sullivan & Cromwell law firm apologizes for AI 'hallucinations' in court filing
Lawyer's use of AI was ‘perilous shortcut’ in Walmart case, US judge says
AI ruling prompts warnings from US lawyers: Your chats could be used against you
US appeals court fines lawyers $30,000 in latest AI-related sanction

Joe Exotic's Lawyer Runs Afoul Of AI Hallucinations

abovethelaw.com/2026/04/joe-exotics-lawyer-runs-afoul-of-ai-hallucinations

Joe Patrice April 23, 2026

An incarcerated murder-for-hire convict in a federal lawsuit over whether an animal sanctuary can neuter a white Bengal tiger named Elvis that the plaintiff used to own is already hallucinatory enough without the case citations being fake.

Joseph Maldonado — better known to everyone who Netflix-ed their way through the pandemic as Joe Exotic — is currently housed at FMC Fort Worth, where he pesters Donald Trump for a pardon and an administration position at Fish and Wildlife. But he's also suing Black Pine Animal Sanctuary in the Northern District of Indiana over the fate of four tigers seized from Maldonado's former associates Jeff and Lauren Lowe back in 2022. The sanctuary announced plans to neuter Elvis, one of the white Bengals, prompting Maldonado, through counsel Roger Roots, to file a federal suit under the Endangered Species Act.

Fast forward to Chief Judge Holly Brady's February 27 show cause order. Judge Brady ran her own research on Maldonado's work in the case and discovered a plethora of made up cases. The complaint anticipates the standing challenge (which the court had flagged in a prior iteration of this same case) by citing a case that… doesn't exist.

> The Court searched for that case with that citation, but the case number leads to an unrelated debt case and the Westlaw identifier returns no result at all. And while a case with that name exists with a different case number, there is no order for that date and no order that makes any reference to standing beyond the fact that the defendants never challenged or even brought up the Plaintiff's standing.

Twice more, Judge Brady notes, counsel cited cases that "technically exist but cannot be found at his provided citation, have no order on his cited date, and apparently do not support what he represents to the Court." The footnote catalogues two such entries. A *PETA v. Wildlife in Need* cite that resolves to a Western District of Virginia criminal matter, and a *PETA v. Tri-State Zoological Park* cite that resolves to an SDNY employment case.

The opposition brief is, in Brady's words, "an extensive affair which at times reads more like a legal treatise on the ESA as opposed to a legal brief." Which is judicial speak for "I ain't reading all that — I'm happy for u tho. Or sorry that happened."

The brief lists various “ESA injuries” with supporting caselaw, and the caselaw — the caselaw that actually exists — doesn’t support the propositions.

> For instance, he cites *In Defense of Animals v. National Institutes of Health*, 543 F. Supp. 70 (D.D.C. 2008), for his assertion that “Loss of scientific data, interruption of research, or inability to continue long-term animal studies constitutes injury-in-fact” and that “[c]ourts emphasize that scientific frustration is a valid injury even without direct physical access.” (ECF No. 17 at 15). But not only is *In Defense of Animals* a Freedom of Information Act case with no reference or connection to the ESA, the opinion does not mention standing, scientific injuries, or *anything* that would support Maldonado’s proposition.

And it keeps going like that. One case described as “Conservation and scientific professionals have standing when mistreatment of animals disrupts their work,” actually concluded that a circus elephant handler didn’t have an injury-in-fact just because he wanted to work with the elephants again. As Judge Brady wrote, “while other ESA cases might support his contention about standing for emotional injuries, the case he chose was explicitly not among them.”

This raises the obvious 2026 question: did counsel use generative AI to produce this filing?

> While these cases and citations were not fully fabricated, as is often the story, the inaccuracies and misrepresentations nevertheless bear much resemblance to other instances in which pro se litigants or attorneys have relied on generative AI to produce their filings, in part or in full. *See, e.g., Jones v. Kankakee Cnty. Sherriff’s Dep’t*, 164 F.4th 967, 969 (7th Cir. 2026) (“To our eye, the error has all the hallmarks of a so-called AI “hallucination,” a circumstance where an AI large language model generates an output that is fictional, inaccurate, or nonsensical.”). Although these aren’t quite the typical hallmarks of AI hallucination, the legal misrepresentations, nonexistent citations, and length policy sections altogether are too fishy for the Court to believe. There is something rotten in the Northern District of Indiana, and it’s not the fish being fed to Maldonado’s former tigers.

As we noted recently, humans are fully capable of producing this kind of slop without Claude or ChatGPT’s help. As Brady explains, “But even if Maldonado’s counsel did not use AI for his filings, the Court is deeply concerned by these blatant misrepresentations of law.”

We are now past 1,000 documented AI hallucination cases globally. Sullivan & Cromwell — the firm that represents OpenAI — just had to file an emergency letter explaining why its Prince Global Holdings brief was riddled with hallucinated citations. Gordon Rees is now a serial offender. Butler Snow got three lawyers kicked off a case. Courts are losing patience.

The lawyer responded, pinning responsibility on a paralegal filing a non-final draft. “Although he does not directly address the use of AI for the filings, that use can be read between the lines,” wrote Judge Brady in her opinion. Ultimately, the attorney received a $1,500 fine and a bar referral.

Elvis… not as lucky.

(Order to Show Cause on next page…)

Joe Patrice is a senior editor at Above the Law and co-host of Thinking Like A Lawyer. Feel free to email any tips, questions, or comments. Follow him on Twitter or Bluesky if you’re interested in law, politics, and a healthy dose of college sports news. Joe also serves as a Managing Director at RPN Executive Search.

Leon Black

Judge sanctions woman who sued Leon Black in Epstein-linked case

Unnamed plaintiff and her former lawyer at Wigdor censured but can continue assault case against billionaire former Apollo chief

Leon Black said the woman's claims against him were 'utterly and demonstrably false' © Demetrius Freeman/Bloomberg

Kaye Wiggins in New York

Published 2 HOURS AGO

A US federal judge has sanctioned a woman who alleged former Apollo Global Management chief Leon Black "brutally raped and assaulted" her when she was 16, and the lawyer who represented her.

District judge Jessica Clarke said the unnamed plaintiff and her former lawyer Jeanne Christensen at Wigdor had "engaged in serious, sanctionable misconduct" in their case against the Wall Street billionaire.

But the judge stopped short of granting Black's request to throw out the case altogether, saying the wrongdoing "need not doom" the claim. She also rejected his request to remove the woman's anonymity. Wigdor stopped representing the woman last year and the case is on hold pending a higher court's decision about the timeliness of her claim.

The ruling centres on a lawsuit filed in 2023 in which the woman made what judge Clarke called "allegations of horrific child sexual abuse and trafficking" at the hands of Jeffrey Epstein, Ghislaine Maxwell, Black and others. The woman said she had autism and Mosaic Down syndrome, making her "extremely trusting", and her abusers had exploited this.

Black said her claims against him were "utterly and demonstrably false". On Friday his lawyer, Susan Estrich of the law firm Estrich Goldin, urged federal authorities to investigate what she said was a "fraud on the court" in the case. A federal judge in a separate case said there was "no independent record" of the woman's involvement with Epstein, other than her journals.

Douglas Wigdor, founding partner of Wigdor, told the FT: "Black's objective was for the court to dismiss this case and while we are upset about the sanction, we are pleased that our former client will get her day in court." Christensen did not immediately respond to a request for comment.

Judge Clarke said in her ruling that Christensen "lied repeatedly to the court and to opposing counsel in this litigation about what was happening in a related action" and directed the plaintiff to destroy a social media account. The judge also said the plaintiff falsified sonogram images.

Under the sanctions, Christensen has to file Clarke's order outlining her misconduct in any federal court case in which she is counsel of record, within a region that includes New York, for a one-year period. Christensen and Wigdor must pay Black's legal costs in relation to his motion to have the case thrown out.

At trial, the plaintiff will be barred from using any of the personal journals in which the court found falsified sonograms, and the jury will be told both about the falsifications and the deletion of the social media account.

It is the latest development in a long-running battle between Black and Wigdor, which Estrich said had filed three cases against him. In 2023 Black secured the dismissal of a lawsuit filed by Wigdor in which an ex-mistress, Guzel Ganieva, accused him of sexual misconduct. A New York judge ruled that Ganieva's claims were riddled with legal flaws and barred under the terms of a non-disclosure agreement.

The Department of Justice's publication of the Epstein files this year shed fresh light on Black's past relationship with the deceased child sex offender, including correspondence between Black's lawyer, former Paul Weiss chair Brad Karp, and Epstein in which they discussed the surveillance of Ganieva.

The court's ruling is a further blow to Christensen, who last week lost a federal jury trial in which she represented a woman who alleged that the law firm DLA Piper fired her because she was pregnant.

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Securities

Jane Street Seeks Dismissal of Terraform Insider-Trading Suit

April 23, 2026, 12:40 PM PDT

Jane Street Groupurged a judge to throw out a lawsuit accusing it of trading on inside information ahead of the $40 billion crash of cryptocurrencies associated with Terraform Labs.

In a Thursday court filing, Jane Street denied insider-trading and market-manipulation claims brought by the bankruptcy administrator winding down Terraform's business. It said the suit aimed to "extract cash from Jane Street to foot the bill for a fraud" the crypto firm itself perpetrated. Terraform co-founder **Do Kwon** pleaded guilty to fraud and was sentenced in December to 15 years in prison.

"It is well established that the direct cause of investor losses was Terraform and Do Kwon's fraud — in which Jane Street played no part," the firm said in the Manhattan federal court filing.

Terraform imploded in May 2022 when its TerraUSD stablecoin lost its peg to the US dollar, leading to the collapse of its sister token, Luna. The failure set off an industry-wide downturn that became known as the "crypto winter" and contributed to the downfall of Sam Bankman-Fried's FTX exchange.

Todd R. Snyder, Terraform's administrator, claimed Jane Street used non-public information to make front-running trades that increased the pressure on Terraform, allowing the trading firm "to unwind hundreds of millions of dollars in potential exposure at precisely the right time, mere hours before the Terraform ecosystem collapsed."

Jane Street said Thursday that Snyder's suit failed to show that it possessed inside information or that the trading firm acted on it. To the contrary, Jane Street said many of the trades cited by Snyder were clearly based on "public market signals" about Terra's instability.

"That alone is dispositive: insider trading cannot be based on information the market already knew," Jane Street said.

Jane Street co-founder **Robert Granieri** participated in discussions with a competitor, Jump Trading, about a potential bailout for Terraform, but the effort was ultimately shelved. In its Thursday filing, Jane Street said these discussions could not be considered Terraform's inside information because they mainly concerned Jump's interest in rescuing the crypto firm.

A recent federal appeals court ruling in another major corporate fraud further required Snyder's case to be dismissed, Jane Street said. The US Second Circuit Court of Appeals ruled in September that Goldman Sachs Group Inc. and Morgan Stanley couldn't be sued for insider trading based on their sales of Archegos Capital Management positions because they had no fiduciary duty to other shareholders.

Snyder sued Jump in December, claiming it illegally profited from Terraform's collapse as well. Jump has denied the allegations.

Kwon held 92% of Terraform. Snyder was tapped to administer a trust to maximize the recovery for Terraform's investors and creditors and to close out its operations.

The case is Snyder v. Jane Street Group LLC, 26-cv-1504, US District Court, Southern District of New York (Manhattan).

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Steve Stroth

https://bsky.app/profile/annmlipton.bsky.social/post/3mk7bi55up22r

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Prediction markets prove that SCt was wrong when it held "investors likely would hesitate to venture their capital in a market where trading based on misappropriated nonpublic information is unchecked by law."

More simply, it seems people "would knowingly roll the dice in a crooked crap game"

> **Duncan Jones** @manmademoon.bsky.social · 17h
> What I dont get is why in this period anyone would put any money on these markets WITHOUT having inside info! You're literally gambling against people who can pick their own hand.

5:29 PM · Apr 23, 2026 · Everybody can reply

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Write your reply

Lani @laniodeary.bsky.social · 17h
This seems contingent on there being enough non-insiders in the market for there to be a sub-market that a participant can think they can beat.

https://bsky.app/profile/annmlipton.bsky.social/post/3mkaqnyqvnc2r

Ann M. Lipton
@annmlipton.bsky.social

nothing matters anymore but just to be clear: if the company is leaking these excerpts, it's really violating the securities laws, if that's still a thing anymore

Peter Thal Larsen @petertl.bsky.social · 6h
A glimpse behind the hype curtain: SpaceX's (still-confidential) filing with the Securities and Exchange Commission claims the company has a total addressable market of $28.5 trillion, "the largest in human history".
www.reuters.com/world/spacex...

Exclusive: SpaceX conquered the stars, now eyes bigger opportunity in AI
New information details where SpaceX sees its biggest market opportunity.
www.reuters.com

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Ann M. Lipton @annmlipton.bsky.social · 3h
I mean, this shit is at the core of what Section 5 of the Securities Act prohibits: conditioning the market before the full filing is available so that investors can see all of the details

4 6 27

Dan Murphy @bungdan.bsky.social · 3h
Musk, just in the past few years:
Claimed he had deal and financing secured to take Tesla private at a huge premium.
Predicted Tesla's profits would rise "1000 percent."
Told lies about Twitter while buying up shares in a hostile takeover bid.
Hid loses with related party transactions. etc..

1

Dan Murphy @bungdan.bsky.social · 3h
Securities law does not seem to be a thing anymore.

1 5

Going Local @nrbq.bsky.social · 40m
Securities law applied to Martha Stewart. 😎

Andrew Jennings @andrewkjennings.com · 3h
The special-boy doctrine applies to all substantive areas of law.

4

Jerome @fjerome.bsky.social · 3h
Also I don't believe they've been to the stars

1

Nicholas Weaver @ncweaver.skerry-tech.com · 3h
Securities laws haven't really applied to Musk for a decade+, given Tesla's primary business has always been securities fraud (initially to subsidize batteries, now just to subsidize Musk)

9

Brian JM Quinn @bjmquinn.bsky.social · 2h
$28.5 trillion? Numbers don't mean anything anymore either apparently.

1

Peter Ladig @pbladig.bsky.social · 2h
I heard it was an eleventy skrillion sized market.

1

Blue&Gold 🌳 UA @blue-and-gold.bsky.social · 2h
I'm sure you can bet on whether SEC enforces it which then will be open to more insider trading !

Jeff Johnston @koeselitz.bsky.social · 3h
We need to nationalize SpaceX, and we need to do it now.

Exclusive: SpaceX conquered the stars, now eyes bigger opportunity in AI

reuters.com/world/spacex-conquered-stars-now-eyes-bigger-opportunity-ai-2026-04-23

Echo Wang, Deepa Seetharaman April 23, 2026

Item 1 of 2 A SpaceX Falcon 9 rocket lifts off from the Cape Canaveral Space Force Station with a payload of Starlink satellites in Cape Canaveral, Florida, U.S., January 10, 2025. The Falcon 9 booster B1067 is the first SpaceX bootser to launch for the 25th time. REUTERS/Steve Nesius TPX IMAGES OF THE DAY/File Photo
[1/2]A SpaceX Falcon 9 rocket lifts off from the Cape Canaveral Space Force Station with a payload of Starlink satellites in Cape Canaveral, Florida, U.S., January 10, 2025. The Falcon 9 booster B1067 is the first SpaceX bootser to launch for the 25th time. REUTERS/Steve Nesius TPX IMAGES OF THE... Purchase Licensing Rights, opens new tab Read more

- SpaceX sees total addressable market of $28.5 trillion for all its businesses, according to filing
- IPO document highlights Elon Musk's goal to play central role in AI industry
- SpaceX sees $22.7 trillion AI market for enterprise, per filing reviewed by Reuters

NEW YORK/SAN FRANCISCO, April 23 (Reuters) - Over the last quarter century, Elon Musk revived space travel, turning cosmic exploration into thriving businesses. For its next act, Musk's SpaceX is eyeing an even bigger opportunity in something more prosaic: building artificial intelligence for the enterprise.
SpaceX estimates that its total addressable market – a closely watched metric – could be as much as $28.5 trillion, according to a S-1 filing reviewed by Reuters.
TAM is the maximum revenue a company could generate if it captured every customer in a particular market.
The S-1 regulatory filing, in which companies disclose their financials and key risks before going public, shows that SpaceX expects more than 90% of that market –

or $26.5 trillion – could stem from the AI sector. The vast majority of that, $22.7 trillion, could come from AI for businesses.

The company is moving ahead with an IPO expected this summer targeting a valuation of roughly $1.75 trillion and seeking to raise about $75 billion, which would make it the largest initial public offering in history.

"We believe we have identified the largest actionable total addressable market in human history," according to the filing.

The new information about where SpaceX sees its biggest market opportunity stands in stark contrast to how the company currently makes its money.

SpaceX did not reply to a request for comment.

Although a company's TAM is neither a forecast or a valuation, it is an important indicator for investors evaluating a high-growth company's potential.

These figures are often vast and rarely questioned. When Uber went public in 2019, it claimed a $5.7 trillion market opportunity for its ride-sharing business alone.

The eye-popping opportunity identified by SpaceX, tucked into more than 300 pages detailing its finances, underscores Musk's long-held desire to occupy a central role in the advancement of AI technology.

The AI for enterprise market is currently dominated by Anthropic and OpenAI, AI industry leaders locked in intense competition, and both of which have indicated intentions to go public as early as this year.

In February, SpaceX acquired xAI, an AI research company founded by Musk in early 2023. The filing seen by Reuters shows that xAI remains a nascent and deeply loss-making operation.

The AI unit posted an operating loss of $6.4 billion in 2025, sharply wider than the $1.6 billion loss a year earlier.

Those losses eclipsed the $4.4 billion in operating profit generated by Starlink, SpaceX's satellite internet business and its largest revenue engine, which brought in $11.4 billion of its $18.7 billion total revenue last year. Overall, SpaceX lost $4.9 billion.

SpaceX's AI unit is also resource hungry. In 2025, SpaceX's total capex surged to $20.7 billion, with AI accounting for $12.7 billion – more than it spent on its space and connectivity businesses combined.

The company said it could capitalize on some of xAI's preexisting tools, such as Grok Enterprise and an agentic or autonomous platform it is developing with Tesla called Macrohard.

In the filing, the company warned prospective investors of its big spending plans to develop AI and other technologies, including manufacturing the keys to powering artificial intelligence called graphics processing units, or GPUs.

SpaceX also said it would assemble a specialized salesforce and send employees known as forward deployed engineers to embed directly with customers to help their workforces embrace AI.

“We believe that our enterprise strategy, which is focused on serving the digital needs of the world's largest industries with AI solutions, positions us competitively to pursue this rapidly growing opportunity,” SpaceX said in the filing.

One source familiar with the financials of the company was not convinced.

“If you decide I'm going to be really sober about this and only value the businesses that I can actually see, you're not going to be in the ballpark of what the market will almost certainly set the valuation to be," the source said.

Reporting by Echo Wang in New York and Deepa Seetharaman in San Francisco; editing by Kenneth Li and Kim Coghill

Echo Wang is a correspondent at Reuters covering U.S. equity capital markets, and the intersection of Chinese business in the U.S, breaking news from U.S. crackdown on TikTok and Grindr, to restrictions Chinese companies face in listing in New York. She was the Reuters' Reporter of the Year in 2020.

SpaceX would get enhanced protection from Texas laws, filing says

reuters.com/legal/government/spacex-would-get-enhanced-protection-texas-laws-filing-says-2026-04-24

Svea Herbst-Bayliss April 24, 2026

The SpaceX’s logo is seen in one of their buildings as the initial public offering (IPO) is expected to be announced soon in Starbase, Texas, U.S. March 31, 2026. REUTERS/Gabriel V. Cardenas Purchase Licensing Rights, opens new tab

- SpaceX says acquisitions, proxy contests would be more difficult
- Texas laws would offer company enhanced protection
- Incorporation in Texas makes geographic sense, lawyers and analysts say

NEW YORK, April 23 (Reuters) - Elon Musk's SpaceX will count on the enhanced protection of Texas law to potentially fend off any hostile bidder or activist investor pushing for changes at the company, according to a regulatory filing seen by Reuters.

SpaceX is preparing for what could be the largest initial public offering in history and could take space exploration from a speculative venture to a mainstream investment.

"Some provisions of Texas law, and our charter and our bylaws contain provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or otherwise, or removal of our incumbent officers and directors," SpaceX said in its S-1 filing, which was seen by Reuters.

The anti-takeover statute under Texas law is "expected to discourage coercive takeover practices and inadequate takeover bids," the filing added.

Instead, anyone who might want to make a play for SpaceX, the filing said, would need to "first negotiate with us."

The provisions could calm investors' nerves at a time when companies face pressure from activist shareholders who often launch campaigns for change by threatening to unseat directors in a proxy fight.

During the first quarter of 2026, activist investors launched 41 campaigns at U.S. companies, marking an increase of 3% from the previous year, according to Barclays data. Activists targeted technology and industrial companies most frequently.

For SpaceX, which manufactures its Starship rockets in Starbase, Texas, it makes geographic sense to select the state as its corporate home instead of picking

Delaware, where the majority of Fortune 500 companies are incorporated, lawyers and analysts said.

But Musk also had personal reasons to favor Texas. Two years ago, automaker Tesla, which he leads as chief executive officer, reincorporated in Texas after a Delaware court voided his $56 billion pay package. The Delaware Supreme Court later reversed the lower court's decision, reinstating the compensation package.

By selecting Texas, SpaceX may hope to consolidate power for its board and weaken its shareholders' hand, lawyers and analysts said.

They note Texas laws would allow the company to ban many lawsuits and restrict many shareholder proposals. Corporate governance experts have warned that restricting shareholder proposals could make investments in U.S. companies less attractive.

Proxy advisory firms like Institutional Shareholder Services and Glass Lewis, whose recommendations often guide how investors vote on issues such as who sits on boards or on planned takeovers, may also have to make public disclosures if they base their recommendations on "nonfinancial factors", including environmental, social or governance issues.

Exclusive: SpaceX warns that inquiries into sexually abusive AI imagery may hurt market access

reuters.com/world/spacex-warns-that-inquiries-into-sexually-abusive-ai-imagery-may-hurt-market-2026-04-23

Raphael Satter, Echo Wang, Jeffrey Dastin April 23, 2026

Item 1 of 2 The SpaceX building, as the company prepares to file for an initial public offering (IPO), in Hawthorne California, U.S., April 23, 2026. REUTERS/Mike Blake

[1/2]The SpaceX building, as the company prepares to file for an initial public offering (IPO), in Hawthorne California, U.S., April 23, 2026. REUTERS/Mike Blake

- SpaceX S-1 filing cites global regulatory probes among the risks it faces
- XAI's Grok chatbot accused of generating nonconsensual explicit images
- Government inquiries could expose SpaceX to lawsuits and lost markets

MEMPHIS, Tennessee, April 23 (Reuters) - The multiple investigations into xAI's creation and dissemination of sexually abusive imagery may lead the company to lose access to certain markets, parent company SpaceX warned in a prospectus reviewed by Reuters.

In a section on risk factors, the S-1 regulatory filing said a number of agencies around the world were "actively investigating and making inquiries relating to social media or the use of AI" in relation to advertising, consumer protection and the distribution of harmful content, among other matters.

The news comes after SpaceX hosted analysts at its Colossus supercomputer in Memphis, Tennessee, on Thursday, gearing up for its $1.75 trillion IPO expected this summer. U.S. securities law requires companies to disclose such risk factors, alerting investors to potential pitfalls while also helping protect companies against future legal liability. The disclosures do not necessarily mean each listed outcome is expected to occur.

One challenge SpaceX highlighted was that it faced "allegations that our AI products were used to create nonconsensual explicit images or content representing children in sexualized contexts," the S-1 document said. Such regulatory inquiries could expose SpaceX to lawsuits, liability and government action – "including loss of access to certain markets, which has occurred in the past," the document stated.

SpaceX and xAI did not immediately respond to requests for comment. It was not clear whether potential regulatory action could prevent SpaceX as a whole from accessing certain markets or just its subsidiary, xAI, specifically.

WORLDWIDE SCRUTINY OVER GROK IMAGES

Though the regulatory filing's risk factors gave as an example a probe launched by the Irish Data Protection Commission in February, xAI has faced scrutiny worldwide over an explosion of sexualized images. The content, which was particularly visible in late 2025 and early 2026, featured images of nearly naked women and children on X, the company's social media platform.

XAI said in January that it had added measures to block user requests for sexualized images of real people, and it said it stops users from generating such content in jurisdictions where that is illegal.

The images – which were generated by xAI's in-house chatbot, Grok – had shown women and sometimes minors in revealing bikinis or underwear, or edited into degrading or gruesome poses. The pictures caused widespread alarm around the world; one group of researchers estimated there were about 3 million sexualized images, opens new tab, while U.S. lawmakers demanded that Google owner Alphabet (GOOGL.O), opens new tab and Apple (AAPL.O), opens new tab yank Grok and X from their app stores. SpaceX CEO Elon Musk said around that time that he knew of "literally zero" naked underage images made by Grok.

A variety of investigations – launched earlier in Canada, Britain, Brazil, California and elsewhere – are ongoing. In France, for example, Musk on Monday flouted a legal summons to answer questions from prosecutors concerning allegations of algorithmic abuse, fraudulent data extraction and complicity in the distribution of child sexual abuse material.

STAKES HIGH AS PROBES CONTINUE

The S-1 warning around market access illustrates the stakes of the various investigations into xAI, especially ones around the AI generation of alleged child sexual abuse images and nonconsensual sexual images of women. Creation of such imagery can be a crime in some jurisdictions, and its dissemination is an emotive issue that can rapidly mobilize public opinion.

XAI's curbs on Grok appear to have slowed but not stopped the flow of abusive material. In February, Reuters reported that Grok was generating sexualized imagery of people even when users explicitly warned the chatbot that the subjects of those images did not consent. Last week, NBC News found that Grok was still publicly generating sexualized images, opens new tab, including of actors and pop stars.

X has been banned before in various jurisdictions, including in 2024 in Brazil, where the site was blocked following its refusal to comply with a judge's order. The company later relented and the ban was lifted.

Reporting by Raphael Satter in Memphis, Tennessee, Echo Wang in New York and Jeffrey Dastin in San Francisco; Writing by Raphael Satter; Editing by Kenneth Li and Matthew Lewis

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

Tesla is headed down a path of ‘runaway, unsustainable’ spending, analysts warn

marketwatch.com/story/tesla-is-headed-down-a-path-of-runaway-unsustainable-spending-analysts-warn-60f16c6c

William Gavin April 24, 2026

The company plans to spend ‘in excess’ of $25 billion in 2026, far more than it has ever spent in a single year

Published:

Tesla CEO Elon Musk has attempted to downplay concerns over his company’s big spending plans, telling analysts that the investments will lead to “substantially increased” future revenue. Photo: brendan smialowski/Agence France-Presse/Getty Images

Tesla is primed to pour more into capital spending in 2026 than it has in any other year on record as it pursues a series of high-risk, high-reward opportunities. One analyst thinks the company’s newest disclosures around this spending are a worrisome sign.

On Wednesday, the company raised its projected full-year capital expenditures to “in excess” of $25 billion, up from a previous estimate of at least $20 billion. Tesla

Chief Financial Officer Vaibhav Taneja also said on an call with analysts that the company expects to record negative free cash flow for the rest of the year as a result of these investments.

“I think it’s going to pay off in a very big way,” Tesla CEO Elon Musk said on the call. “So we’re investing in and improving our core technologies, battery, powertrain, AI software, AI training, chip design, manufacturing, laying the groundwork for significantly increased manufacturing production.”

The forecast came after a relatively tame March quarter, at least in terms of spending. Tesla booked capex of just $2.5 billion, less than the $4.3 billion Wall Street expected. The company also recorded positive free cash flow of $1.4 billion, surprising analysts who had been projecting cash burn for the period.

Don’t miss: Tesla is in a no-win situation as it faces the ire of its earliest customers

Until Taneja’s comments on the call, J.P. Morgan analysts said they thought the $20 billion capex estimate was just a way to imply that Tesla was “disciplined.” They had earlier forecast $17 billion in full-year capex, writing in a note to clients that they were “not entirely fathoming” what Tesla could spend so much cash on.

"But we were shocked again when management during the call actually increased the guidance for capex," the analysts said in a note to clients. They have an underweight rating and $145 price target on the stock, implying downside of 61% from current levels.

Backing the first-quarter capex out of the new full-year target implies that an average of $7.5 billion will be spent in each of the year's remaining quarters. To put that implied quarterly spending into perspective, Tesla has spent more than $7.5 billion in annual capex just three times in its history as a public company.

But Tesla won't likely approach its $25 billion-plus capex goal by spending evenly across the next three quarters. The company has to ramp its spending, meaning that it could weight investments more heavily toward the end of the year, according to the J.P. Morgan analysts. That implies a more than $25 billion exiting run rate of capex by the end of the year, which they "characterize as runaway, unsustainable, and highly suggestive of an advisable equity capital raise."

Read: Mobileye's robotaxi ambitions have 'progressed significantly,' and the stock surges

As of March 31, Tesla had $44.7 billion in cash, cash equivalents and short-term investments. It also had $7.78 billion worth of long-term debt and finance leases. Last quarter, Tesla entered into an uncommitted revolving loan and security agreement with a group of banks that allows it to borrow up to $1.5 billion.

Tesla's spending is expected to be largely focused on six factories, including a lithium refinery. The facilities will be used to make Optimus humanoid robots, Cybercab robotaxis, electric semi-truck trailers and energy products. Tesla is also developing its artificial-intelligence infrastructure.

Much of that spending is focused on businesses that won't generate revenue for a while. Tesla's robotaxi efforts are slow-moving, although Musk now expects "material" revenue next year, while the Optimus robots won't enter limited production for at least another quarter.

Tesla has also placed orders for manufacturing equipment as part of a push into solar-energy production. There's also the matter of the Terafab, a joint chip-making project with Musk's SpaceX that could eventually cost trillions of dollars, according to one estimate.

How costs will be divided between the partners is still unclear, although Musk said Wednesday that Tesla will build a research fab in Texas capable of making a “few thousand” silicon wafers each month. It will cost “$3 billion-ish,” he said.

See: Intel’s stock extends its spectacular run — and could see its best day in four decades

SpaceX will take care of the “initial part” of the larger-scale project, Musk said, although he didn’t describe exactly what that would entail. SpaceX is aiming to raise some $75 billion through an initial public offering that could be announced as soon as June.

“You should expect to see … a very significant increase in capital expenditures, but I think well-justified for a substantially increased future revenue stream,” Musk said on Wednesday, according to a transcript.

In a note to clients this week, Morgan Stanley’s Andrew Percoco said the investment is needed to ensure Tesla’s leadership in artificial intelligence and autonomous technologies. He expects Tesla to record capex of $26.1 billion and cash burn of $11.6 billion in 2026.

The “reality” is that Tesla is moving slower than investors expect, which will “likely cap upside in the near term,” Percoco said. He rates Tesla’s stock at equal weight, with a $415 price target.

California Brief

Musk v. Altman Case Will Test Jury Process for Rich and Famous

April 24, 2026, 2:00 AM PDT

The case caption alone will likely elicit a reaction from the roughly 100 potential jurors summoned to an Oakland federal courtroom Monday.

The trial of *Elon Musk v. Samuel Altman* is beginning. And the personal feelings of jurors will pose a special challenge in the multi-billion dollar trial over Musk's claims that Altman betrayed OpenAI's founding principles, as it features two household names that each come with significant baggage.

The American public's broad antipathy toward the AI industry looms over the trial, as well.

Weeks ago, a man was arrested for allegedly throwing a Molotov cocktail at Altman's San Francisco home, and polls have shown Americans hold negative views toward AI. Last month, Musk alleged a San Francisco jury showed bias against him.

In any other trial, a potential juror who knows the case well or has a bias toward one of the parties would be booted. That's impossible in a case with such big names.

The question instead is whether a juror can credibly put aside their beliefs and listen only to the facts presented at trial.

Musk says that Altman promised to keep OpenAI a nonprofit when Musk made a $38 million donation to start the company together in 2015. Altman and OpenAI have denied those claims and have alleged Musk is using the legal proceedings to attack a competitor and bolster his own AI company, xAI.

"They're both so unsympathetic," said Laurie Kuslansky, a longtime jury expert and trial consultant. "There's no heroes here."

'Equally Disliked'

A case pitting two powerful and wealthy figures against each other poses another odd dynamic: neither party can credibly lay claim to a sympathetic, underdog narrative.

It's possible that "they're all equally liked or they're all equally disliked," Judge Yvonne Gonzalez Rogers said while discussing jury selection last month in the US District Court for the Northern District of California. "I don't know if it cuts one way or the other."

"The Venn diagram between people who have strong feelings about Elon Musk and strong feelings about Sam Altman probably overlaps quite a lot," said Adam Shlahet, a trial advocacy professor at Fordham Law School.

Musk, the world's richest person, brings with him all the baggage of his political ties to President Donald Trump and the American right. Altman has also faced growing criticism, especially after signing an agreement to work with the Department of Defense and recent news reports of his alleged misrepresentations to OpenAI board members.

After Musk lost a Twitter investor class action trial last month in San Francisco, Musk's legal team argued that the jury showed an overt bias toward him when they appeared to make a joke in the verdict form. Lawyers pointed to the jury's decision to use blue ink for the number $4.20 while writing other numbers in black ink.

Judge Charles R. Breyer, who ran that trial, during jury selection compared Musk's celebrity status to that of a president, and said it would be impossible to impanel a jury that had no feelings about him.

"As a public figure he will excite strong views, and for him in particular, people have strong views," Breyer said.

Courts have a high bar for moving a trial to an entirely new jurisdiction over concerns about a biased jury pool. And that can come with its own complications if a new pool is entirely uninformed about the trial issues.

In this case, Musk may have a slight advantage in selling a more compelling story: that OpenAI was always supposed to be a nonprofit. "You have a very simple story that's very appealing," Kuslansky said. "Even if the messenger isn't, the message is."

Unlike Musk, who has testified numerous times in state and federal courts, often successfully, Altman will be making his first-ever appearance on a witness stand in a trial.

The jury will be tasked with wading through early emails and messages between the co-founders to determine liability. But their verdict ultimately will not be binding. It will help inform a final decision made by Gonzalez Rogers.

Juror Questionnaires

Gonzalez Rogers, a veteran of high-profile Silicon Valley legal battles, sent written questionnaires to potential jurors to help filter out those with the strongest views, either positive or negative, about Musk and Altman. The jury pool will include residents from seven counties that surround the entire San Francisco Bay, including parts of Silicon Valley.

A final copy of the questionnaire sent to jurors wasn't available on the court's public docket, and attorneys for both parties didn't respond to inquires about it.

She'll use the questionnaire responses to more closely probe potential jurors' beliefs. The attorneys for Musk and Altman will also have an opportunity to question them.

During that process, known as voir dire, attorneys are focused not on impaneling a fair jury but instead trying to eliminate jurors that will lose them the case, Kuslansky said.

Attorneys can argue an unlimited number of "cause challenges" to strike overtly biased jurors. The judge has given each side only four peremptory challenges that allow them to eliminate jurors without a specified reason.

The strategy will be to "get as many of them out as you can for cause and then try not to reveal the few people that might be okay for you," Kuslansky said.

The attorneys will also focus on ferreting out "stealth jurors" who may be trying to get on the panel with a particular agenda. Both legal teams are allowed to conduct internet and social media research on the jurors to help identify those inclinations.

Despite all the theatrics and narratives, once the trial actually begins, "the evidence in the case takes over," said Ellen Leggett, a jury consultant for Leggett Jury Research LLC.

"At the very beginning of the trial, the jurors are more focused on the personalities, they're getting to know the lawyers," Leggett said. "Once the facts of the case become engrossing, those take over and the issues start driving their decision making."

The case is Musk v. Altman, N.D. Cal., No. 4:24-cv-04722, jury selection 4/27/26 .

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https://www.wsj.com/tech/ai/oracle-ai-demand-debt-04977749

TECHNOLOGY • ARTIFICIAL INTELLIGENCE

Oracle's Deluge of AI Debt Pushes Wall Street to the Limit

The artificial-intelligence boom has hit a funding snag, compounding power constraints and growing public backlash against data centers

By Peter Rudegeair Follow and Berber Jin Follow

April 23, 2026 9:00 pm ET

The Stargate AI data center site in Abilene, Texas. KYLE GRILLOT/BLOOMBERG NEWS

Quick Summary

- Oracle's $300 billion deal with OpenAI faces financing challenges as banks struggle to syndicate loans for data centers due to exposure limits.

View more

Oracle's ORCL **-3.26%** $300 billion megadeal with OpenAI is testing the limits of Wall Street's appetite for debt tied to America's data-center boom.

Banks including JPMorgan Chase struggled for months to spread the risk of billions of dollars in loans they made to build data centers leased to Oracle in Texas and Wisconsin, people familiar with the matter said. Many financial institutions that would ordinarily buy those loans face restrictions on how much exposure they can have to a single counterparty, and the sheer size of these debt packages pushed them to the limit with Oracle. As a result, bank balance sheets got clogged, constraining the financing prospects of future projects tied to Oracle and OpenAI.

For example, lenders balked at financing the expansion of a data-center complex in Abilene, Texas, if Oracle were the tenant, according to people familiar with the matter. That led the developer, Crusoe, to lease it to Microsoft instead.

The challenges surrounding Oracle highlight a risk for the multitrillion-dollar data center boom, where limited access to capital compounds obstacles caused by a strained electric grid and a growing public backlash.

Any slowdown in data center construction and completion would stymie a build-out that artificial-intelligence players desperately need. Some top AI companies appear to be hitting the limit of what they can offer users as demand for computing firepower, which is provided by data centers, exceeds supply.

Lenders grew more comfortable with Oracle-related projects after the company said it would raise all the money it needed for 2026 by issuing roughly $50 billion in stock and bonds. Oracle said in a post on X last week that each data center it is developing for OpenAI is moving forward on time.

A data center under construction last October in Lordstown, Ohio. KYLE GRILLOT/BLOOMBERG NEWS

But even after it raises that amount, Oracle still has additional cash funding needs of $100 billion or more for 2027 and the first half of 2028, according to Morgan Stanley credit analysts. "We've pondered how [Oracle's] considerable funding needs over the next three years may test the depths of different fixed-income markets," the analysts wrote in February.

"We are proud of the rapid progress that's been made both in financing and developing our data centers," an Oracle spokesperson said in an email. "Our partners have diversified their capital sources in ways that enable us to keep construction moving forward on time and as planned."

It isn't just Oracle, a 49-year-old database and software company, that has a lot riding on its transformation into an AI computing provider. OpenAI is counting on Oracle to deliver the capacity it needs to scale ChatGPT's growth ahead of a hoped-for public listing.

Silicon Valley needs access to debt to meet its goals for AI-related spending. Big tech companies are expected to generate enough cash to cover only about half of the $3 trillion they are projected to spend on AI through 2028, according to analysts at Morgan Stanley. The rest has to come from banks, corporate bonds, private credit and other forms of financing.

So far, Wall Street is largely giving a blank check for the AI ambitions of the most creditworthy tech companies, such as Google, Microsoft and Meta.

Oracle, though, is in a comparatively weaker financial position than big tech rivals. It has a lower investment-grade credit rating, more debt and is burning cash. Much of its future revenue is tied to a money-losing startup that is facing growing competitive pressure. The cost of protecting Oracle's bonds against a potential default via credit-default swaps roughly quadrupled between late September and late March, though it has fallen slightly since then.

That has made lenders nervous about putting too much money into projects tied to the company, whose shares have declined by over 30% in the past six months.

Much of the borrowing tied to the OpenAI megacontract was done by projects involving data center developers working with Oracle. The debt was structured as short-term construction loans meant to be syndicated among a group of banks and other institutions. Oracle is the tenant and OpenAI is the subtenant on the deals, but the debt doesn't sit on Oracle's balance sheet.

These loans were among the largest-ever deals in project finance, bankers say. About $10 billion in loans were taken out for Crusoe to develop the original OpenAI site in Abilene. Vantage Data Centers is constructing a campus in Shackelford County, Texas, and another in Port Washington, Wis., with $38 billion in borrowed money. A Stack Infrastructure project for a fourth OpenAI facility in Dona Ana County, N.M., raised about $18 billion.

The construction loans for the Abilene, Texas, data center are among the largest ever deals in project finance. KYLE GRILLOT/BLOOMBERG NEWS

To manage risk, banks and institutional investors typically have rules capping their exposure to a single counterparty or tenant. Those concentration limits emerged as an obstacle when a group of banks were syndicating some of the loans in late 2025 and early 2026, the people said.

It still took months. Vantage said the loans for its Texas and Wisconsin projects with Oracle were largely syndicated in the fourth quarter of last year and are expected to close in the second quarter of this year. "The underwriting and distribution garnered more than 50 lenders with all underwriters achieving successful syndication levels," a Vantage spokesperson said in an email.

Some large banks that funded other deals sat out a Michigan data-center campus being built for Oracle. Related Digital, the developer building the site, chose Bank of America to take the lead on arranging financing, people familiar with the matter said, in part because it didn't have as much Oracle exposure.

Related decided to issue bonds for the deal after seeing the indigestion in the construction-loan market. Money manager Pimco is set to buy a big chunk of the deal.

Securities

KPMG to Cut 10% of US Audit Partners to Reshape Practice (2)

April 23, 2026, 10:33 AM PDT; Updated: April 23, 2026, 1:34 PM PDT

KPMG will slash the number of partners running its US assurance business in a bid to boost the unit's productivity and better align its staffing with market demands.

The reductions come after KPMG LLP had offered early retirement packages to entice partners to leave the practice over the past few years, the Big Four accounting and consulting firm said Thursday.

"This action is connected to a multi-year strategy to align the size, shape and skills of our team to the power of our audit platform to best serve our clients and protect the capital markets," the US firm said in a statement. The firm will offer departing partners financial packages and help finding new roles, it said.

Partners learned of the 10% job reductions Wednesday, according to a person familiar with internal firm deliberations.

The cuts to its audit partner ranks follow previous layoffs targeting the assurance practice of KPMG's two largest markets. Last fall, the US firm eliminated 195 jobs from its audit practice to address low employee turnover. KPMG's UK arm told nearly 600 audit staff that they faced job cuts in March.

The latest cuts were reported earlier by the Financial Times.

The US audit practice has about 1,400 partners and managing directors, according to its most recent audit quality report. Its cohort of partners is larger than that of its peers, the person familiar with firm deliberations said.

KPMG reported total US fees of $13.28 billion in its 2025 fiscal year, while its expanding audit business drove nearly $4 billion in revenue.

Over the past two years, the firm has picked up more listed audit clients than its Big Four competitors, data from Ideagen Audit Analytics shows. KPMG also has been looking to expand its book of private company audits.

Artificial intelligence technology, however, is increasingly handling key steps of audits, spurring firms to rethink staffing and delivery. KPMG and its top competitors have invested billions to put advanced AI tools at the center of their core services, including the audit.

(Updates third paragraph to add details related to departing partners; previous update corrected the reference to the US audit practice's size.)

— With assistance from James Booth (Bloomberg News).

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Robinhood Investors Warn Of Nvidia Redux Before High Court

By **Jessica Corso**

Law360 (April 23, 2026, 9:39 PM EDT) -- Robinhood Markets Inc. investors urged the U.S. Supreme Court on Thursday not to hear a dispute revolving around the trading platform's $2.1 billion initial public offering, arguing that the case the company presents is "in the same mold" as those that the justices threw out against Meta and Nvidia two years ago.

Vinod and Amee Sodha are suing Robinhood on behalf of those who purchased shares in the company's 2021 IPO, alleging that the firm failed to disclose it was shedding a significant number of customers right before it went public.

Robinhood **petitioned the Supreme Court** to hear the case in February after the Ninth Circuit revived the potential class action, but the Sodhas said Thursday that the court should not take the company up on its call for an appeal.

"This past year, the court has twice taken up pleading-stage securities cases, only to discover that the legal disputes the petitions had teed up were not present and then dismissed the cases as improvidently granted," the investors said. "Because this petition is in the same mold, the court should deny certiorari."

The investors were referring to a pair of cases the court agreed to hear during its October 2024 term, both of which were dismissed without a ruling following oral arguments.

Though the justices **did not say** why they declined to issue a ruling in shareholder lawsuits against Nvidia Corp. and Facebook parent Meta Platforms Inc., **some justices wondered** during oral arguments in the Nvidia case whether a ruling would have any impact on securities litigation broadly, or just the case in front of them.

Both lawsuits dealt with interpretations of the Private Securities Litigation Reform Act, and the Meta case, in particular, dealt with the types of disclosures that publicly traded companies have to make under the PSLRA.

The Robinhood case also deals with disclosures, and the company is asking the Supreme Court to determine whether it was required to report financial data from the quarter that ended immediately before it went public.

The U.S. Securities and Exchange Commission gives companies 45 days to report quarterly financial information, and so the data that investors sued over wasn't ready for publication at the time that Robinhood announced its public offering, the company argued in its petition to the justices.

The Ninth Circuit's decision to reopen the lawsuit "badly misinterprets foundational disclosure requirements and is fundamentally incompatible with the SEC's quarterly reporting rules," Robinhood said. It also "exposes companies seeking to go public to expansive liability for failing to disclose intra-quarter interim data," the company said.

But Vinod and Amee Sodha said Thursday that Robinhood voluntarily offered some second-quarter information that cast the company in a positive light ahead of the IPO without disclosing the exodus of customers as the so-called meme stock craze died down.

The Ninth Circuit's ruling is in keeping with the longstanding legal framework that district courts consider the "total mix of available information" when determining whether a company's disclosures are potentially misleading, the investors said.

"There is nothing radical — or certworthy — about the decision below," they said. "Petitioners disagree with the outcome. But they do not propose that this court adopt legal rules in place of the existing standards."

Counsel for Robinhood didn't immediately respond to a request for comment Thursday.

The investors are represented by Amanda Lawrence and Matthew Peller of Scott + Scott Attorneys at Law LLP.

Robinhood is represented by Kevin Orsini, Antony Ryan and Brittany Sukiennik of Cravath Swaine & Moore LLP and Jeffrey Wall and Yaira Dubin of Gibson Dunn & Crutcher LLP.

The case is Robinhood Markets Inc. et al. v. Sodha, case number 25-944, before the U.S. Supreme Court.

--Editing by Linda Voorhis.

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Car Parts Co.'s Acquisition Integration Failed, Investors Say

By **Sydney Price**

Law360 (April 23, 2026, 9:38 PM EDT) -- Auto parts distributor LKQ Corp. has been hit with a proposed class action in Tennessee federal court accusing it of concealing that a 2023 acquisition harmed LKQ's ability to meet its financial growth goals.

According to the complaint, filed Wednesday by the City of Miami General Employees' & Sanitation Employees' Retirement Trust, LKQ repeatedly touted the benefits of its acquisition of competitor Uni-Select Inc. before and after closing the deal in August 2023, calling it a "compelling strategic fit." However, LKQ left undisclosed that Uni-Select's U.S. subsidiary FinishMaster was losing customers and could not revive LKQ's dwindling market share, the complaint alleges.

"[T]o the extent that LKQ purported to warn of the risks regarding the Uni-Select acquisition and FinishMaster integration, the company failed to disclose that such risks had already materialized and were negatively impacting LKQ's operational and financial performance," the suit said.

LKQ began disclosing to the public in April 2024 that its performance had worsened and reduced earnings projections, but did not fully reveal the extent of the issues until last July, when it "admitted" its falling earnings and margins were mostly caused by "business losses from increased competition from others in the industry," according to the suit.

That set off a series of stock price declines, the suit says.

On April 23, 2024, several months after the acquisition was complete, LKQ announced in an earnings call that CEO Dominick Zarcone would leave the company, and that "slow demand" in the North American segment warranted lowered guidance.

Following the announcement, LKQ's shares fell $7.28 each, or about 15%, according to the suit.

During its next earnings call on July 25, 2024, LKQ announced that it did not meet the reduced revenue goals it had set in the last quarter and further lowered guidance. LKQ did not, however, disclose issues with the FinishMaster integration and instead told investors that it "helped improve our margins despite the lower revenue," the suit said.

According to the complaint, LKQ's shares fell $5.53 each, or about 12%, following the announcement.

Nearly a year later, on July 24, 2025, LKQ told investors that in the previous quarter, it suffered year-over-year margin declines due to, among other things, its failure to compete in the industry.

LKQ's shares fell $6.88 each, or about 18%, following the disclosure, according to the complaint.

In addition to LKQ and former CEO Zarcone, the suit names current LKQ CEO Justin Jude and Chief Financial Officer Rick Galloway as individual defendants. The suit accuses them of violating the Exchange Act and acting with scienter.

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

City of Miami General Employees' & Sanitation Employees' Retirement Trust is represented by Hannah

Ross and Scott R. Foglietta of Bernstein Litowitz Berger & Grossmann LLP, Kevin H. Sharp and Kristi S. McGregor of Sanford Heisler Sharp Mcknight LLP, and Robert D. Klausner of Klausner Kaufman Jensen & Levinson.

Counsel information for LKQ and the individual defendants was not immediately available Thursday.

The case is City of Miami General Employees' & Sanitation Employees' Retirement Trust v. LKQ Corporation et al., case number 3:26-cv-00498, in the U.S. District Court for the Middle District of Tennessee.

--Editing by Drashti Mehta.

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Scotts Miracle-Gro Gets Sales Channel 'Stuffing' Suit Trimmed

By **Katryna Perera**

Law360 (April 23, 2026, 6:02 PM EDT) -- An Ohio federal judge has trimmed claims from a securities class action against Scotts Miracle-Gro and several of its executives claiming they misled investors about the lawn and garden care company's inventory levels, debt covenant compliance and financials.

U.S. District Judge Algenon L. Marbley issued an **opinion and order** on Wednesday, finding that most of the challenged statements in the consolidated class action are actionable. The suit challenges a series of statements made by the company and its top brass about Scott's financial performance, operational condition, growth prospects, consumer demand and inventory levels.

However, the judge trimmed a few challenged statements after finding they were either forward-looking, puffery or not misleading by hindsight.

The judge also found that the suit adequately pled scienter, or that the defendants knew of the challenged statements' falsity when they were made.

Looking at the complaint holistically, Judge Marbley said it is sufficiently pled that the defendants "disregarded the most current factual information available to them before making the challenged statements, and that defendants knew of internal reports that contradicted those external statements."

According to the order, this information came from frequently updated and detailed sales and inventory data reports, internal software and reporting tools, high-level meetings involving senior management, and former employee accounts.

The "closeness in time" between the allegedly fraudulent statements and later disclosures also weighs in favor of the suit's scienter claims, the judge said.

However, two Scotts executives escaped the suit Wednesday, including the company's former interim Chief Financial Officer, David Evans, and its former Chief Financial Officer and executive vice president, Matthew Garth.

According to the order, the plaintiffs did not raise any arguments in their response brief to challenge the dismissal of Evans, and for Garth, they argued only that scienter claims against him are supported by his signing off on filings with the U.S. Securities and Exchange Commission.

"Thus, plaintiffs have waived any argument that interim CFO Evans acted with the required scienter, and the claims against him cannot stand," the order said. "Additionally, plaintiffs' assertion that CFO Garth signed off on SEC filings (which is not pleaded with any particularity in their complaint) is insufficient to rescue their scienter allegations against him."

"While the signing of SEC filings might 'bolster[] other facts that support scienter' and can be considered in the overall scienter analysis, it cannot form the entirety of plaintiffs' basis for asserting that CFO Garth had the requisite scienter," the order added.

But the claims against the remaining defendants are sufficient, Judge Marbley found. These defendants include CEO James Hagedorn, former CFO Cory Miller and former Chief Operating Officer Michael Lukemire.

However, the judge dismissed the suit's scheme liability claim against all the individual defendants, finding the complaint did not adequately plead their particular roles in the alleged scheme.

According to the complaint, **filed in 2024**, in response to the surging demand during the relevant period, Scotts increased its inventory but then realized it had purchased too much inventory for both its U.S. consumer line and Hawthorne Gardening Co., its cannabis-focused hydroponics products division. The suit says that instead of writing down the inventory, the individual defendants engaged in a scheme to saturate Scott's sales channels with more inventory than could be sold.

The truth began to emerge in June 2022 when Scotts admitted that replenishment orders from U.S. retailers were more than $300 million below target solely for May, according to the suit. Scotts also told investors that its 2022 full-year earnings would be approximately half of its prior issued guidance, and its stock price tumbled in response.

Another disclosure occurred in August 2023, when the company revealed that its fiscal year quarter sales had declined by 6% and gross margins had also fallen, causing its stock price to fall again.

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

The plaintiffs are represented by Richard S. Wayne, William K. Flynn and Robert R. Sparks of Strauss Troy Co. LPA, David R. Kaplan, Emily Bishop, Lester R. Hooker, Jonathan Lamet, Steven B. Singer and Joshua H. Salzman of Saxena White PA, and Jeffrey A. Barrack, Danielle M. Weiss, Stephen R. Basser and Samuel M. Ward of Barrack Rodos & Bacine.

The defendants are represented by Geoffrey J. Ritts, Connor F. Lang, Marjorie P. Duffy, H. Cole Hassay and Jeffrey J. Jones of Jones Day.

The case is In re The Scotts Miracle-Gro Company Securities Litigation, case number 2:24-cv-03132, in the U.S. District Court for the Southern District of Ohio.

--Editing by Drashti Mehta.

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Stride Says Glitchy Tech Rollout Undercuts Investor Suit

By **Emilie Ruscoe**

Law360 (April 23, 2026, 9:26 PM EDT) -- Education technology company Stride Inc. seeks to shed proposed investor class action accusations it inflated its rolls with "ghost students" to secure funding, arguing it didn't defraud anyone after it saw enrollment numbers fall following tech upgrade issues.

In a Tuesday dismissal bid in Virginia federal court, Stride, its CEO James J. Rhyu and its Chief Financial Officer Donna M. Blackman tell U.S. District Judge Michael S. Nachmanoff that the investor claims are "simply a classic securities case in which bad news is characterized as fraud."

"Sometimes things do not go as planned. And when that happens to a public company, the result is typically a securities-fraud class action. Such is the case here," the company asserts in its Tuesday filing.

Stride says the "fraud-by-hindsight lawsuit" mischaracterizes issues it had at the start of the 2025-2026 school year. At the time, the company says, it upgraded both its registrar system and its virtual classroom system to keep up with enrollment that had grown over the past several years.

According to the company, it discovered the new systems didn't always integrate properly as the start of the school year approached. But it wasn't until the school year was under way that the company realized the full extent of the implementation issues. Those issues included students not showing up in the system, being locked out of virtual classes and being unintentionally absent from courses that didn't show up in the company's systems, Stride states.

Stride says it disclosed in October 2025 that its unforeseen implementation issues led to increased withdrawals and lower conversion rates. The company also predicted at the time that those outcomes would affect enrollment and revenue in the future though it notes in its Tuesday filing it maintained its guidance for its current fiscal year at the time.

Stride subsequently saw a trading price decline of 54%. The company says that happened because its financial guidance didn't meet analyst consensus. The company rejected the investors' assertion that the price decline was due to a corrective disclosure.

"Indeed, defendants' candor in promptly disclosing the issues with the new platform and proactively warning it could harm future results — even though Stride had not missed its guidance — suggests exactly the opposite," the company says.

In its dismissal bid, the company also takes issue with what it describes as "purported controversies — drawn largely from incendiary allegations in a self-interested short-seller report and pleadings in now-settled litigation" referenced in the investor suit.

Those "incendiary" claims appear to refer to an October 2025 short seller report that introduced the term "ghost students" to describe the volume of purported Stride students who rarely or never attend its schools, or shouldn't have been enrolled in the first place.

Stride's reference to settled litigation appears to refer to a fraud suit by a New Mexico school district that also invoked "ghost students."

Beyond those arguments, Stride says the suit fails to cite any allegedly misleading statements that were actionable, instead pointing to corporate puffery, opinion, forward-looking statements and risk disclosures. All of those categories are protected forms of corporate speech under the Private Securities Litigation Reform Act, the company says.

Stride also claims the complaint fails to show that what it claims were misrepresentations were actually untrue, telling the court the company "repeatedly informed investors that it was making platform improvements and that there was no guarantee that it would not encounter difficulties in doing so."

The company also contends the plaintiffs failed to show that the defendants intentionally misled anyone, asserting, among other things, that the complaint doesn't explain the defendants' motive for defrauding the investors.

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

The investors are represented by Steven J. Toll, Daniel S. Sommers and S. Douglas Bunch of Cohen Milstein Sellers & Toll PLLC, Christine M. Fox, Carol C. Villegas, Matthew J. Grier, Emily N. Gault and Mark Willis of Labaton Keller Sucharow LLP, and Maya Saxena, Lester R. Hooker, Steve Singer, Joshua Saltzman and Emily Bishop of Saxena White PA.

Stride Inc. and individual defendants James J. Rhyu and Donna M. Blackman are represented by J. Christian Word, Tim Borgerson and Corey Calabrese of Latham & Watkins LLP.

The case is MacMahon v. Stride Inc. et al., case number 1:25-cv-02019, in the U.S. District Court for the Eastern District of Virginia.

--Editing by Kristen Becker.

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Enovix Investors Denied Class Cert. Under Goldman Standard

By **Emilie Ruscoe**

Law360 (April 23, 2026, 6:14 PM EDT) -- A proposed class of investors in lithium battery manufacturer Enovix Corp. can't be certified, a California federal judge has determined, finding the suit doesn't show how declines in trading price cited in the complaint were caused by the sole remaining alleged misrepresentation in the matter.

In a Tuesday **order**, U.S. District Judge Susan Illston denied the Enovix investors' motion for class certification, applying the standard established by the Supreme Court's 2021 decision in Goldman Sachs Group v. Arkansas Teacher Retirement System in finding that there's "mismatch" between the sole alleged misstatement in the dispute and the alleged corrective disclosures cited in the revised complaint.

Judge Illston said Tuesday that that mismatch was "sufficient to undermine confidence" in the investors' claim that the company's stock traded at artificially inflated prices in connection with the alleged misstatement.

Judge Illston's finding reflects that with its Goldman ruling, the Supreme Court instructed lower courts to consider whether a securities fraud defendant's alleged misstatements are too generic to support an inference of a classwide reliance on the alleged misrepresentation.

On Tuesday, Judge Illston said trading price declines cited in the suit didn't follow revelations about certain equipment quality testing that the company allegedly lied about.

Instead, the judge said, the investors pointed to trading prices that fell after the company made statements that were broadly about a certain factory Enovix sought to establish in Califonia, not about a certain subset of custom equipment Enovix had built for the factory.

The judge found that since Enovix showed that the alleged misrepresentation did not affect its stock price as the investors said it did, the investors weren't entitled to the presumption, established in the 1988 case Basic Inc. v. Levinson , that investors can rely on the market price of a company's security to show classwide reliance on a company's alleged misrepresentations.

Without the Basic presumption, the judge said, the proposed class failed to meet the certification requirement that "questions of law or fact common to class members predominate over individual claims."

The judge also noted that trading prices for Enovix shares actually increased in November 2022, when the company disclosed it had waived one of the equipment testing steps referenced in the suit's remaining alleged misstatement.

"The court is unpersuaded that the three corrective disclosures plaintiffs identify in the [operative complaint] 'actually corrected'" the relevant alleged misstatement, Judge Illston said Tuesday.

On Wednesday, Emily Kapur of Quinn Emanuel Urquhart & Sullivan LLP, representing Enovix, told Law360 via email that "this ruling is a significant and precedent-setting result."

"We are pleased and gratified that Judge Illston carefully 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," Kapur said.

The latest version of the investor claims, from March 2024, was brought on behalf of a putative class of those who purchased Enovix shares between Aug. 11, 2021, and Oct. 2, 2023.

The investors have generally alleged the company failed to disclose issues that cropped up as it procured manufacturing equipment for its first production factory.

According to the investors, the company mischaracterized the condition of certain production equipment, subsequently misrepresenting the company's production capacity.

The company eventually announced it was giving up on building out commercial operations at the factory at the heart of the claims, laying off 185 workers and writing off $36 million in equipment, the suit states.

Since the suit was last amended, the court has trimmed the claims, finding that certain allegedly misleading statements about the company's equipment testing processes were taken out of context.

Judge Illston also granted an Enovix motion for partial judgment on the pleadings in October, dismissing claims over two additional alleged misstatements about the company's equipment production testing.

Following that judgment on the pleadings, the remaining claims involve only one alleged misstatement, from August 2021. In that statement, the company allegedly misled investors by saying that certain equipment had already undergone certain testing to "confirm" its performance — despite the fact that the equipment failed that testing.

Representatives for the investors did not immediately respond to requests for comment.

The investors are represented by Laurence M. Rosen, Phillip Kim and Josh Baker of The Rosen Law Firm, and Lawrence M. Rolnick, Marc B. Kramer, Nicole Castiglione and Shane Kunselman of Rolnick Kramer Sadighi LLP.

Enovix Corp. and the individual defendants are represented by Emily C. Kapur, Andrew J. Rossman, Jesse Bernstein, Courtney C. Whang, Brenna D. Nelinson, Sasha Boutilier and W. Jackson Vallar of Quinn Emanuel Urquhart & Sullivan LLP.

The case is In Re: Enovix Corp. Securities Litigation, case number 3:23-cv-00071, in the U.S. District Court for the Northern District of California.

--Additional reporting by Katryna Perera. Editing by Amy French.

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'Cheap' Judge OKs $19.5M Snap Deal Fees But 'No Bentleys'

By **Craig Clough**

Law360 (April 23, 2026, 8:08 PM EDT) -- After warning counsel who negotiated a $65 million securities settlement with Snap that he is "notoriously cheap," and in a tentative order gave a "haircut" to their $19.5 million fee request, a California federal judge talked himself out of the trim at a hearing Thursday but quipped, "No Bentleys."

U.S. District Judge George Wu granted final approval of the settlement at the hearing, as he had done in a **tentative order** earlier in the week, and also approved the full fee request before counsel for the plaintiffs had much of a chance to argue their case.

After Judge Wu gave a short speech about how well the plaintiffs attorneys handled the case, and that he should probably grant the full request, he paused and said, "Why am I arguing against myself on this?"

"I think because it feels most appropriate, Your Honor," Joseph E. White of Saxena White PA, who represents the investors, answered him.

A short time later, the judge officially granted the fee request, but joked, "No Bentleys." When White told him he drives a Tesla, Judge Wu shot back, "Oh, gosh, we won't go into the Tesla situation, but hopefully, I will say this, not a Tesla Cybertruck, please."

The approved deal resolves 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' final approved settlement certified 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, who is known for his **use of humor** from the bench, told the plaintiffs attorneys after granting preliminary approval of the deal that "we'll have to see what happens" with their fee request because he is "notoriously cheap."

The judge wrote on Wednesday in his tentative order that all the factors used in the Ninth Circuit to determine the benchmark percentage support the plaintiffs' fee request, including the results they achieved, 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 judge continued the compliments at Thursday's hearing, and said, "I did basically say so many nice things about plaintiff's counsel that my ability for me to do a haircut [is hurt], even if it is at my discretion that I don't have to articulate. Which is, you know, which is what the Ninth Circuit said here."

"The real question is, do I want to do it, and thereafter, potentially have another group of Ninth Circuit judges say, 'Oh, we can't do this. We're not going to allow the haircuts anymore," the judge continued. "You know, do I want to keep my ability to make haircuts, or do I want to exercise it in this situation where a good argument could be made that I shouldn't?"

As the conversation went on, Judge Wu gave more compliments to the plaintiffs attorneys, including that they got his own order tossing the case reversed at the Ninth Circuit.

"It's not for that reason that I was going to do the haircut," the judge said. "In fact, it's one of the reasons I said that I think you did an excellent job, is because you convinced the circuit to reverse me. So maybe I shouldn't do the haircut because that seems sort of petty on my part."

As the judge continued, he said that the settlement was a higher percentage of the total possible recovery than comparable cases, and finally asked why he was arguing against himself before approving the 30% request.

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 Dave Trumbore.

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Bosch And Other HVAC Leaders Accused Of Price-Fixing

By **Aneeta Mathur-Ashton**

Law360 (April 23, 2026, 6:49 PM EDT) -- Bosch Inc. and six other leading heating, ventilation and air conditioning equipment businesses are facing a proposed antitrust class action in Michigan federal court alleging they conspired to fix the prices of HVAC equipment.

North Dakota-based Precision Plumbing, Electrical, Heating & Cooling Inc. alleges in a filing Tuesday that Bosch, along with Trane Inc., Carrier Global Corp., Lennox International Inc., Rheem Manufacturing Co., Daikin Industries and AAON Inc., which control over 90% of the market, drove up prices of equipment through a conspiracy that involved secret meetings, information sharing and public signaling.

"Defendants' anticompetitive actions widened the spread between the price that they pay to manufacture HVAC equipment and the price at which they sold HVAC equipment," Precision Plumbing said in the **complaint**.

It says the seven companies relied on two key organizations: the Air Conditioning, Heating and Refrigeration Institute, a trade association for the industry where senior executives held roles on its board of directors during the proposed class period, and ACHR News, an outlet billed as the weekly newsletter of HVAC contractors.

It also alleges that executives from the seven companies had opportunities to collude at yearly AHRI events, industry conferences like the 13th-annual Morgan Stanley Laguna Conference in 2025 and Heating, Air-conditioning and Refrigeration Distributors International events.

The same seven companies were **hit with a similar antitrust suit** in the same Michigan court on Tuesday.

Precision Plumbing says it directly purchased HVAC equipment from Bosch and Trane and was injured as a result. The company is seeking to represent anyone who directly purchased equipment from the seven companies between Jan. 1, 2020, and the present.

The North Dakota company alleges that before the conspiracy, HVAC equipment saw stable and small price increases consistent with the market and consumer trends. But they say some companies, as early as 2019, attempted to increase prices but failed due to a lack of coordination.

The seven companies then allegedly began relying on publicly announced increases often made through ACHR News. Precision Plumbing says Lennox and AAON, two brands now owned by Daikin called Amana and Goodman, and Allied Air used the outlet to announce price increases.

Precision Plumbing says the COVID-19 pandemic presented a golden opportunity for these companies in their quest to fix prices.

"No customer could question that the pandemic had the potential to disrupt supply chains, so coordinated price increases suddenly became a bonanza for defendants, eventually driving the prices of some HVAC equipment to record highs, at levels that vastly exceeded the consumer price index," Precision Plumbing said.

The company alleges that from August to December 2020, Trane, AAON, Lennox, Nortek Air

Solutions, part of Rheem, and Nortek separately announced increases in prices through ACHR News, attributing the rising prices to the pandemic.

Precision Plumbing says that throughout 2021, the seven companies issued multiple price increases, sometimes just days or weeks apart and often at similar rates, and that the alleged conspiracy led to a stream of commercial-specific increases throughout 2022 and was relied on to maintain prices beginning in 2023.

Parallel price increase announcements continued through 2024 and into 2025 that, although they did not lead to higher prices for customers, did serve to keep prices from falling.

"Defendants' goal in 2023 was to maintain the supracompetitive price levels they had achieved from 2020 to 2022, often by announcing price increases that did not actually raise prices but rather stabilized them and avoided significant decreases from the record price levels," Precision Plumbing said.

Precision Plumbing says that throughout the conspiracy, the seven companies boasted about their record profit margins in reports. It says the success was also visible through the U.S. Bureau of Labor Statistics' Producer Price Index.

"The index shows a marked rise that begins in 2020 and is more abrupt and significant than any other increase in the index over at least the past 22 years," Precision Plumbing said.

Precision Plumbing alleges that the companies publicly acknowledged the parallel price increases and appeared unconcerned when asked if competitors were trying to steal market share, given the pricing environment.

Precision Plumbing says the seven companies used coded language, using terms like "discipline" and "price realization" to hide the price-fixing conspiracy while reassuring each other of their commitment to their anticompetitive agreement. They also allege that the seven companies placed the blame elsewhere.

"Not only did defendants take affirmative steps to keep their agreement secret and conduct the activities of the conspiracy in private, but they also gave alternative, non-conspiratorial explanations for HVAC equipment price increases," according to the complaint. "These pretextual explanations were always public and intended to mislead plaintiff and members of the class — to divert attention away from the conspiracy."

Counsel for Precision Plumbing and Trane, Carrier, Daikin, Bosch, Lennox, Rheem and AAON did not immediately respond to requests for comment Thursday.

Precision Plumbing, Electrical, Heating & Cooling Inc. is represented by David Shea of Shea Law Firm PLLC.

Counsel information for Trane, Carrier, Daikin, Bosch, Lennox, Rheem and AAON was not available Thursday.

The case is Precision Plumbing, Electric, Heating & Cooling Inc. v. Robert Bosch LLC et al., case number 2:26-cv-11316, in the U.S. District Court for the Eastern District of Michigan.

--Editing by Rich Mills.