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Shoals Investors Reach \$70 Million Settlement in Wire Suit (2)

April 29, 2026, 7:35 AM PDT; Updated: April 29, 2026, 9:15 AM PDT

Summary by Bloomberg AI

AI Generated



- Shoals Technologies Group Inc. and architects of a 2022 public stock offering will pay \$70 million to resolve investor allegations they concealed a product defect and related warranty costs.
- The settlement class includes those who acquired Shoal shares from May 16, 2022, through May 7, 2024, and the deal would end a lawsuit against the electrical parts maker and others if approved.
- The defendants denied wrongdoing, but settled to eliminate the uncertainty and expense of litigation, while the shareholders said they are pleased with the recovery, which represents a significant percentage of class members' estimated damages.

Shoals Technologies Group Inc. and architects of a 2022 public stock offering will cough up \$70 million to resolve investor allegations they concealed a product defect and related warranty costs.

The settlement class would include those who acquired Shoal shares from May 16, 2022, through May 7, 2024, including in that offering, shareholders leading the case said while seeking preliminary approval of the agreement Tuesday.

If approved in the US District Court for the Middle District of Tennessee, the deal would end a lawsuit against the electrical parts maker, then-executives and board members, and bank underwriters of that offering—among them units of JP Morgan Chase & Co., Goldman Sachs Group Inc., and Morgan Stanley.

Shoals hyped the quality and reliability of its solar energy infrastructure parts before disclosing wire insulation issues and associated warranty liability exposure, investors said.

The shareholders sufficiently alleged securities fraud, misleading registration statements tied to the offering, and insider trading against various defendants, Judge Waverly D. Crenshaw Jr. said last year, letting those claims proceed.

The defendants denied wrongdoing but said they settled “solely to eliminate the uncertainty, burden, and expense” of litigation. “We are pleased to put this matter behind us to continue to focus on delivering value for our stakeholders,” Shoals’ chief legal officer Bobbie King Jr. said in an emailed statement.

“We are pleased with this very favorable recovery, which represents a significant percentage of class members’ estimated damages and eliminates the risks and uncertainties associated with continued litigation,” said Christopher Moriarty, a member attorney at Motley Rice LLC, co-lead counsel for the shareholders.

The investors are also represented by co-lead counsel Robbins Geller Rudman & Dowd LLP. Latham & Watkins LLP represents Shoals and leadership. A&O Shearman represents the underwriters.

The case is In re Shoals Techs. Grp., Inc. Sec. Litig. , M.D. Tenn., No. 3:24-cv-00334, 4/28/26 .

(Updates with a comment from Shoals in the sixth paragraph.)

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Vaxart Investors Come Up Empty in Trial Against Insider Fund (1)

April 29, 2026, 7:05 AM PDT; Updated: April 29, 2026, 9:08 AM PDT

Summary by Bloomberg AI

AI Generated



- A federal jury found that Armistice Capital LLC isn't liable to a class of Vaxart investors for allegedly engaging in insider trading and a manipulative scheme.
- The investors failed to prove a scheme to defraud by Armistice or its executives, and they didn't show insider trading by the hedge fund or its executive Steve Boyd.
- The verdict was reached in a trial in the US District Court for the Northern District of California, with the investors' lawyers saying they are "incredibly disappointed" in the jury's decision.

Vaxart Inc.'s former majority shareholder Armistice Capital LLC isn't liable to a class of other Vaxart investors for having allegedly engaged in insider trading and a manipulative scheme during the race to develop a Covid-19 vaccine, a federal jury found Tuesday.

The investors failed to prove a scheme to defraud by Armistice or executives Steve Boyd and Keith Maher, and they didn't show insider trading by Boyd or the hedge fund, the jury found.

The trial testing the investors' claims against the hedge fund and two of its executives took place in the US District Court for the Northern District of California, overseen by Judge Vince Chhabria.

Trials in securities class actions are rare. Many lawsuits that survive companies' dismissal efforts settle in the face of potentially high damages at trial.

"After the lengthy efforts of our team, we are incredibly disappointed in the jury's decision, but we know that although we do not agree with the outcome, we must respect the rule of law," said Steve Berman, managing partner of Hagens Berman Sobol Shapiro LLP who represented the investors, in an email.

"While the jury may not agree with the evidence we presented, we stand by our claims that Armistice orchestrated scheme that defrauded thousands of investors in a time of intense financial insecurity," he said.

Vaxart's minority shareholders sued over Armistice's alleged knowledge of, and actions surrounding, two Vaxart press releases. The first announced a production partnership, but was allegedly misleading—and artificially inflated Vaxart's stock price—because the biotechnology company that Vaxart purported to make a deal with didn't have the ability to mass-produce doses.

The second said the oral-vaccine maker was chosen for a key pandemic program to accelerate Covid-19 vaccine development. Its title about Vaxart being selected for the government's Operation Warp Speed, when it had been chosen for a non-human primate study, was misleading, the investors said.

Armistice allegedly influenced the press releases' timing in a way that enabled it to capitalize on stock sales, dumping most of its holdings.

Chhabria approved an approximately \$12 million class settlement between investors and Vaxart and some of its then-officers and directors in 2023.

The judge cleared the way for trial in July 2025, saying the investors had enough evidence to present claims for a deceptive scheme and insider trading to a jury. The trial began with juror selection April 14.

Scott & Scott Attorneys at Law LLP also represented the investors. Akin Gump Strauss Hauer & Feld LLP represented Armistice Capital LLC, Armistice Master Fund Ltd., and the executives. Neither of these law firms immediately responded to emails seeking comment.

The case is *In re Vaxart, Inc. Sec. Litig.*, N.D. Cal., No. 3:20-cv-05949, verdict 4/28/26.

(Updates with comment from investors' attorney beginning in fifth paragraph.)

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Blue Owl adviser sued over allegedly inflating fund values, charging excessive fees

 [reuters.com/legal/litigation/blue-owl-adviser-sued-over-allegedly-inflating-fund-values-charging-excessive-2026-04-28](https://www.reuters.com/legal/litigation/blue-owl-adviser-sued-over-allegedly-inflating-fund-values-charging-excessive-2026-04-28)

Reuters

April 28, 2026

A man walks past a logo for Blue Owl Capital on a midtown Manhattan office building in New York City, U.S., February 24, 2026. REUTERS/Brendan McDermid/File Photo [Purchase Licensing Rights, opens new tab](#)

- Investor alleges Blue Owl adviser inflated asset values to boost fees, citing conflict of interest
- Complaint highlights use of pay-in-kind interest and fees on unrealized income
- Advisory fees rose 47% since 2021 without matching service increase, lawsuit claims

LONDON, April 28 (Reuters) - An investor in one of Blue Owl Capital's private credit funds has filed a suit in New York accusing the company's investment adviser of breaching its fiduciary duties by inflating the value of one of its funds to extract excessive fees, according to a complaint filed on Monday in the U.S. District Court in Manhattan.

Richard Delman, a shareholder in the business development company Blue Owl Capital Corporation ([OBDC.N](#)), [opens new tab](#), said the fees charged by Blue Owl Credit Advisors LLC breached its fiduciary duty under the Investment Company Act of 1940 by charging fees that were "so disproportionately large that they bear no relationship to the value of the services provided" and couldn't have resulted from arm's-length negotiations.

The complaint centers on the adviser's dual role valuing OBDC's assets while also earning fees tied to those valuations, creating an inherent conflict of interest and incentive to inflate assets. Because many of the fund's investments are illiquid and classified as so-called Level 3 assets under accounting rules, their value was determined from internal models rather than market prices, the filing said. A spokesperson for Blue Owl didn't immediately respond to a request for comment.

Delman said the adviser systematically overstated asset values, pointing to a persistent gap between OBDC's net asset value and its publicly traded share price, which is down 22% over the past year.

Advertisement · Scroll to continue

The lawsuit highlights the firm's use of "pay-in-kind" interest, which is non-cash income that accrues to loan balances rather than being paid in cash. The complaint alleges that the adviser collects fees on PIK income even when it may never be realized.

OBDC paid \$414.4 million in advisory fees in 2025, up roughly 47% from \$282.4 million in 2021, without a corresponding increase in services, according to the complaint.

Delman seeks to recover the excessive fees on behalf of the fund and to rescind the advisory agreement.

Blue Owl Capital Corporation is externally managed by Blue Owl Credit Advisors, the defendant in this case, an indirect affiliate of Blue Owl Capital Inc. ([OWL.N](#)), [opens new tab](#).

Edited by Dawn Kopecki and Vidya Ranganathan; Editing by Mark Porter

Our Standards:

Securities

Fintech RYVYL, Founders to Settle SEC Blockchain Disclosure Suit

April 28, 2026, 3:35 PM PDT

Payment processor RYVYL Inc. and its two founders agreed to settle an SEC lawsuit alleging they misled investors by claiming the company used blockchain technology and digital tokens for transactions, when it actually resold traditional credit card processing services primarily to cannabis dispensaries and other high-risk merchants.

Fredi Nisan and Benzion Errez—RYVYL's former CEO and chairman, respectively—violated federal securities laws by making false statements in public filings, according to the Securities and Exchange Commission's complaint filed Monday in the US District Court for the Southern District of California.

Nisan and Errez each agreed to pay a roughly \$230,000 civil penalty and refrain from serving as an officer or director of a public company for five years, according to consent motions also filed Monday.

RYVYL allegedly marketed itself as a cutting-edge financial technology company with proprietary blockchain systems that processed transactions using digital tokens. Instead, the company acted as a middleman selling standard credit card processing services through third-party processors, the SEC said.

RYVYL never implemented the digital token system it described in detail across multiple SEC filings from 2020 to 2025, according to the complaint. The company also failed to disclose that its primary product, QuickCard, was used almost exclusively by cannabis dispensaries, which face restrictions from major credit card companies due to federal cannabis laws, the SEC said.

RYVYL and certain executives in recent months have also settled an investor class action and derivative suit alleging the company overstated revenue and other metrics.

Nisan and Errez are represented by an attorney at Foundation Law Group who didn't immediately respond to a request for comment. RYVYL didn't immediately respond to an inquiry.

The case is SEC v. Ryvyl Inc. , S.D. Cal., No. 3:26-cv-02672, complaint 4/27/26 .

This story was produced by Bloomberg Law Automation.

Securities

Deep Dive

Blue Bell Case Highlights Risks of Skimping on Insurance Coverage

April 29, 2026, 2:00 AM PDT

An ongoing first-of-its-kind Delaware trial testing corporate oversight claims underlines the limits of insurance policies meant to shield the personal assets of directors and officers sued for mishandling company operations.

Insurance typically funds the cash settlements that have ended similar shareholder derivative actions in Delaware's Chancery Court before trial. But Blue Bell Creameries hasn't settled. Court records indicate Blue Bell's senior leaders, facing claims tied to a fatal 2015 listeria outbreak, made an unusual move to seek defense coverage under insurance policies that apply to bodily injury or property damage.

Commercial general liability policies aren't designed to cover management liability disputes, attorneys and brokers say. That's where separate directors' and officers' insurance comes in, and almost all public companies buy it because they face increased regulatory scrutiny and the potential for securities claims.

Two Travelers Cos. units sued Blue Bell in Texas federal court over its attempt to tap into its CGL policies, several years into the shareholder litigation in Delaware seeking to hold the ice cream maker's directors and officers accountable for failing to adequately monitor production and warning signs before the listeria outbreak. A federal appeals court later found those policies excluded payments for legal defense costs because they didn't cover intentional misconduct.

An alleged violation of the duty of oversight usually fits squarely within the definition of "wrongful acts" that directors' and officers' policies generally cover, said Geoffrey Fehling of Hunton Andrews Kurth LLP. However, privately held companies sometimes opt out of D&O insurance or seek cheaper policies with more exclusions or lower coverage limits.

The company didn't respond to emails seeking comment.

At minimum, a D&O policy is likely to cover a big company's legal costs even if its policy language barred coverage for a potential settlement or judgment. That still leaves its senior leadership on the hook if they're found liable for oversight failures.

The shareholder behind the Delaware lawsuit estimates Blue Bell suffered damages of at least \$257 million from the production shutdown and nationwide product recalls during the outbreak, plus millions in legal fees from multiple criminal and civil court actions. The privately held company questioned those calculations.

Insurance Dispute

Blue Bell said its general liability insurer should've covered its defense in Delaware because its "directors and officers were sued for business decisions they made while acting according to their duties as directors and officers," according to its 2022 appeal in the dispute with the insurer.

The Fifth Circuit, siding with the insurer, found the shareholder in the Delaware case sought "damages to compensate for Blue Bell's economic loss caused by its directors' and officers' breach of fiduciary duties," which aren't covered under a policy for "bodily injury."

General liability policies mainly cover claims for bodily injury or property damage, and Blue Bell argued the listeria poisoning fell under the "injury" category, said Raul Gastesi of Gastesi Lopez Mestre & Cobiella PLLC.

"They made a pretty good argument" in the insurance case, but the federal courts "didn't buy it because they're not being sued for the personal injury" in the Delaware lawsuit, he said. "They're being sued for the economic loss of their judgment, so the policy doesn't cover that type of action."

The Travelers units told a district court that Blue Bell knew the difference between the types of policies because it cited cases where derivative actions fell under D&O policies.

"Courts do not 'routinely' or even occasionally find coverage under CGL policies for shareholder derivative suits," the units said in a brief.

Board Duties

Not all boards make the necessary preparations for potential litigation.

Sitting on a board is perceived as prestigious, and potentially an easy paycheck for attending infrequent meetings, but there's much more to consider when signing the insurance policies, said Jason Bishara of Florida-based NSI Insurance Group.

"If you don't have these things properly structured and you're not meeting your fiduciary responsibility, you could be left in a situation where you have no coverage," he said.

That can happen when a company is insolvent or bankrupt, or when it has reached its coverage limits, he said. That's where D&O and other management liability policies can back up general liability policies.

These nuances in coverage tend to get missed when companies lack proper corporate governance mechanisms, such as independent committees, Bishara said. "If the board does their job and if they set up these proper committees and then they follow these committees, it's very hard to prove bad faith."

D&O policies tend to favor boards and executives, and insurers view funding defense costs or contributing to a settlement as "almost always preferable to betting on the outcome of a trial," Gastesi said. "That dynamic is what makes D&O recovery more reliable than recovery under many other commercial lines."

Oversight Concerns

The claims Blue Bell faces in Delaware have long been considered the toughest to advance because they require showing intentional dereliction of duty or conscious disregard for known obligations.

The company's senior leaders testified they met more frequently than most boards, and that important food safety information was widely available to employees and directors. The judge overseeing the Delaware trial repeatedly questioned the dearth of details in board meeting minutes about sanitation concerns. Additional arguments are scheduled July 28.

The case, along with a slate of recent oversight claims, disrupted the belief that such lawsuits are prone to failure. Large cash settlements in other cases have been a "wake-up call," though "from what is understood in the market, none of those have settled outside of policy limits," said Peter Tomczak, a Baker McKenzie partner.

A perception that Delaware's courts began favoring shareholders' oversight claims created a lot of "noise" that companies face increasing litigation risks. In response, companies appear to be stacking more D&O insurance coverage, which is considered reliably "fit for purpose as opposed to other types of insurance," Tomczak said.

— With assistance from Olivia Alafriz.

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Securities

Shari Redstone, Insurers End Dispute Over Viacom-CBS Merger Suit

April 28, 2026, 1:38 PM PDT

Media executive Shari Redstone and a pair of insurers agreed to dismiss claims over coverage for shareholder litigation stemming from the 2019 merger of Viacom Inc. and CBS Corp.

The dismissal of claims involving units of Sampo Holdings Inc. and Starr International Co., the last remaining defendants, would end the 2022 suit brought by Redstone, a former Viacom director, according to the Monday stipulation filed in the Delaware Superior Court. No other details were provided.

Redstone, along with Viacom and its former parent company National Amusements Inc., had sued several insurers seeking shareholder liability coverage from underlying litigation related to the Viacom-CBS merger; ViacomCBS was later renamed Paramount Global, which merged last year with Skydance Media, ending the Redstone family's longstanding control of Viacom and related companies

The insurance companies refused to indemnify the then-director and Viacom, disputing the policy period and arguing that a controversial policy provision known as a "bump-up" exclusion—used to avoid covering some shareholder settlements following M&A deals—barred coverage

The court ruled last February that directors and officers insurers had to treat merger litigation claims separate from corporate governance suits

Potter Anderson & Corroon LLP represents Redstone. Kaufman Dolowich LLP represents Sampo's Endurance American Insurance Co. Elzufon Austin & Mondell PA represents Starr.

The case is Redstone v. Ace American Ins. Co. , Del. Super. Ct., No. N22C-06-020, stipulation 4/27/26 .

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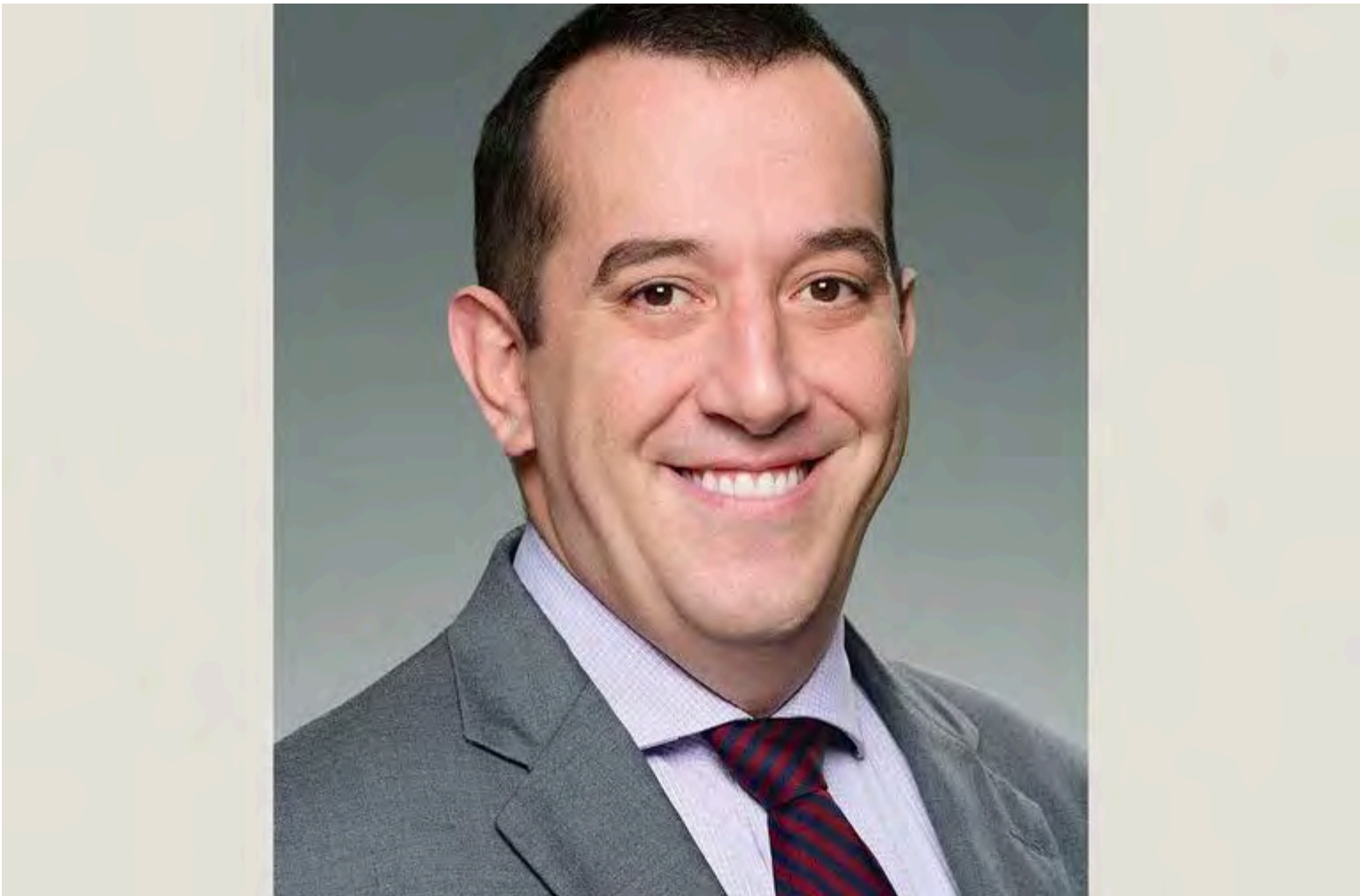
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Delaware Supreme Court Confirms Facial Constitutionality of Fiduciary Safe Harbors in DGCL Overhaul

Delaware courts have long refused to second-guess corporate management's decision-making when it is disinterested, but applied close scrutiny when management operates in the presence of a conflict of interest. As a result, much of Delaware case law has centered around determining whether management was conflicted, and if so, whether it had taken appropriate steps to neutralize the conflict.

April 29, 2026 at 07:00 AM By **Michael B. Gonen**



Michael Gonen of Duane Morris. Courtesy photo

Delaware is famously the domicile of formation for a large majority of publicly traded companies in the United States. Delaware law consequently exerts influence on capital markets and commercial relations throughout the global economy. That nationally significant body of law develops along two principle lines—in the Legislature through statutory amendments to the Delaware General Corporation Law (DGCL) and in Delaware's courts through the case-by-case advancement of corporate and equity jurisprudence.

In March 2025, the Delaware Legislature enacted sweeping changes to the DGCL in Senate Bill 21 (SB 21), among which were the creation of new safe harbor provisions that make it more difficult for stockholders to sue corporate management for self-dealing. In *Rutledge v. Clearway Energy Group*, Appeal No. 248, 2025, a trial court certified questions to the Delaware Supreme Court, asking it to rule on the validity of SB 21's safe harbor provisions and retroactivity clause under the Delaware Constitution. The Supreme Court found the law constitutionally valid. As a result, the case has been remanded back to the trial court to apply and interpret the safe harbor provisions.

Delaware courts have long refused to second-guess corporate management's decision-making when it is disinterested, but applied close scrutiny when management operates in the presence of a conflict of interest. As a result, much of Delaware case law has centered around determining whether management was conflicted, and if so, whether it had taken appropriate steps to neutralize the conflict.

In the last several years, a number of significant Delaware decisions have come down in favor of stockholder-plaintiffs who alleged corporate management was conflicted when it undertook a challenged transaction. Most of those cases specifically involved a conflict of interest by a controlling stockholder—a type of conflict toward which Delaware case law has shown a special vigilance. At the same time, other jurisdictions—notably Texas and Nevada—have made efforts to attract incorporations by enacting management-friendly changes to their own corporate codes. Following those recent plaintiff-friendly Delaware decisions, a handful of Delaware entities changed their legal domicile, while others threatened to do so.

SB 21 was enacted as a reaction to this threat of “DExit,” expressly intended to preserve Delaware's dominant position as the situs of corporate formation. SB 21 narrowed the definition of a controlling stockholder while enacting statutory safe harbor provisions drawn from the conflicted-controller case law. Under the pre-SB 21 case law, a conflicted-controller transaction would be treated as unconflicted (and thus insulated from judicial scrutiny without the need for a trial) by the so-called cleansing mechanisms of obtaining the approval of both a disinterested committee of independent directors and the vote of the disinterested stockholders.

SB 21 sets up statutory versions of the independent committee and disinterested stockholder vote cleansing mechanisms. But, SB 21 prescribes that *both* mechanisms are only necessary to insulate a conflicted-controller transaction that cashes out the minority stockholders. Any other transaction can be cleansed and rendered immune from judicial scrutiny with application of either mechanism. Moreover, the statutory language leaves it unclear whether the requirements for satisfying each of the statutory cleansing mechanisms are as strict as for the judicially created ones. And, SB 21 made its effect retroactive for all suits filed after the bill introducing it was announced on February 17, 2025, irrespective of when the underlying acts occurred.

Rutledge involves a corporation in the clean energy industry. An LLC controls a majority of the corporation's voting stock, while the remaining minority sells on the New York Stock Exchange. The corporation purchased assets from the controller, after which a stockholder challenged the transaction, alleging that the corporation overpaid by tens of millions of dollars. The transaction was approved by a committee of directors whose members the full board had deemed independent of the controller, but was not submitted to a stockholder vote. The transaction happened before SB 21 was enacted, but the suit was only commenced afterward.

Because the *Rutledge* transaction was one between a corporation and its controlling stockholder, both judicially created cleansing mechanisms would be necessary to negate the conflict under pre-SB 21 law. But, since the transaction didn't cash out the minority stockholders, post-SB 21, a committee alone is sufficient to cleanse the conflict so long as it meets the criteria for a properly functioning independent committee under the statute.

As a result, the applicability of SB 21 is potentially dispositive at the pleading stage. Without SB 21, the transaction was not cleansed and the claim will almost certainly go to discovery and trial. With it, the controller can likely prevail on a motion to dismiss unless the plaintiff can show that the committee fell short of statutory requirements for cleansing. Because *Rutledge* case was filed shortly after SB 21's retroactivity date, by its terms the statute applies, even though the underlying acts occurred beforehand.

As a result, the *Rutledge* stockholder-plaintiff challenged the constitutionality of SB 21 on two grounds. First, he argued that SB 21's safe harbors amount to a limitation on the Court of Chancery's equitable jurisdiction – a jurisdictional grant that the Delaware Constitution protects. Second, because the conduct at issue occurred before SB 21 was enacted, he argued the retroactivity provision has deprived him of a vested right in violation of Delaware's Bill of Rights. Because those discrete constitutional challenges were potentially dispositive and would have a similarly striking effect on numerous other cases before the Court of Chancery, the stockholder-plaintiff requested and the trial judge granted the unusual step of certifying the constitutional challenges as questions to the Delaware Supreme Court prior to deciding the case.

The Supreme Court rejected both arguments. In a unanimous opinion written by Justice Traynor, it explained that SB 21 modifies the standards of fiduciary conduct – how violations are measured and proven, and what remedies are available for the violation—without changing the Court of Chancery's jurisdiction to decide questions. For similar reasons, it found that SB 21's retroactive effect did not deprive the stockholder-plaintiff of any vested right, as it only modified the rules of decision to be applied. The stockholder-plaintiff retains the ability to sue on the conduct in the same court for the same rights. Additionally, changes even to vested rights are often permissible when they are incidental to broader enactments in pursuit of legitimate legislative policies, as SB

21 was. As a result, the Delaware Supreme Court upheld SB 21's safe harbors and retroactivity, answering the certified questions, and remanded the case back to the trial court to be decided under the new statutory framework.

That result does not fully decide the case. On remand—unless the parties settle the case—the controller-defendant will presumably move to dismiss the case on the basis of the safe harbors, while the stockholder-plaintiff can be expected to argue that the committee lacked independence or otherwise failed to satisfy the statutory requirements. There is a wealth of case law addressing challenges to the functioning of special committees under the pre-SB 21 judicially created cleansing mechanisms. With *Rutledge* and similar cases, we may ask whether and to what degree the framework for examining the efficacy of a committee differs between the statutory mechanism and its judicially created antecedent.

Just over a century ago, New Jersey enacted a series of laws—the “Seven Sisters Acts”—seeking to regulate the conduct of corporations formed under its laws. Rather than succeeding in that goal, the effect was largely to spur corporations to decamp to Delaware. The fear that the same fate will befall Delaware – DExit – hangs over discussions of SB 21. In the *Rutledge* appeal, Governor Meyer intervened as a party, defending the enactment, and expressly emphasized SB 21's importance to protecting Delaware's dominant position by reference to quotations from legislators relating to the bill's introduction and passage. In this view, SB 21 “sought to address recent judicial rulings that the legislature believed had injected uncertainty and imbalance into Delaware's corporate law.”

This ultimately points to the tension facing the trial court with *Rutledge* on remand, and other similar post-SB 21 conflicted-controller cases currently before the Court of Chancery. Was SB 21, a modest corrective designed to promote clarity, balance, predictability, and consistency, disapproving of just some “recent judicial rulings”? Or, as its critics have presented it, was SB 21 a fundamental reordering of relations within the corporate contract, favoring management and stripping non-controlling stockholders of their rights? By eliminating the constitutional questions, the Delaware Supreme Court's *Rutledge* decision placed that matter squarely before the Court of Chancery to decide. Accordingly, the coming year is likely to see major developments in Delaware corporate doctrine as courts, now assured of SB 21's constitutionality, begin to apply it.

Michael B. Gonen, a senior associate with Duane Morris, is a litigator whose practice focuses primarily on corporate and commercial litigation in Delaware's Court of Chancery. Prior to entering private practice, Gonen served as judicial clerk to Judge Karen Valihura of the Delaware Supreme Court; Judge Paul Wallace of the Delaware Superior Court; and Judge Jeffrey Trauger of the Bucks County Court of Common Pleas.

Purdue Pharma receives \$5.5 billion sentence, paving way for opioid settlement

 [reuters.com/business/healthcare-pharmaceuticals/purdue-pharma-be-sentenced-paving-way-opioid-settlement-2026-04-28](https://www.reuters.com/business/healthcare-pharmaceuticals/purdue-pharma-be-sentenced-paving-way-opioid-settlement-2026-04-28)

Dietrich Knauth

April 28, 2026

Item 1 of 2 Placards featuring pictures of victims of the opioid crisis stand outside federal court, as Purdue Pharma is due to be sentenced, in Newark, New Jersey, U.S., April 28, 2026. REUTERS/Dietrich Knauth

[1/2] Placards featuring pictures of victims of the opioid crisis stand outside federal court, as Purdue Pharma is due to be sentenced, in Newark, New Jersey, U.S., April 28, 2026. REUTERS/Dietrich Knauth [Purchase Licensing Rights, opens new tab](#)

- Most of the fines will go unpaid as part of \$7.4 billion bankruptcy deal
- Victims and families express frustration over lack of accountability
- Judge says law limits punishment to fines, urges flexibility for victims lacking records
- Sentencing clears way for bankruptcy settlement to proceed

NEWARK, New Jersey, April 28 (Reuters) - OxyContin maker Purdue Pharma was sentenced on Tuesday to \$5.5 billion in fines and penalties stemming from its 2020 guilty plea to charges of deceiving government regulators and paying kickbacks to doctors to boost opioid sales.

The sentencing in New Jersey federal court clears the way for the company to dissolve in bankruptcy and use its assets to fund a [\\$7.4 billion settlement](#) intended to compensate people harmed by the opioid epidemic.

Before accepting the [plea deal](#), U.S. District Judge Madeline Cox Arleo in Newark heard nearly seven hours of testimony from people who wanted to speak up about the company's role in fueling the opioid epidemic in the United States. Over 200 victims sent letters to the court with personal stories of addiction and loss, and more than 40 spoke up in the courtroom.

Arleo directed Purdue Chairman Steve Miller to apologize directly to victims in the courthouse, which he did, saying the company "deeply regrets and accepts responsibility" for past misconduct.

"We are deeply apologetic for all of the things that happened that were described in colorful detail by all the victims here today," Miller said.

Arleo then offered an apology of her own. She said the government failed at several opportunities to stop Purdue from deceiving doctors and patients about the addictiveness of OxyContin.

"Your government failed you," Arleo said to the victims. "The inadequacy of what the law can offer today must be plainly stated."

Several of those who spoke said a fine was not sufficient punishment for Purdue's crimes. They called for Purdue's owners, members of the wealthy Sackler family, or executives to face jail time and for Arleo to reject the plea deal.

"Punishment by a fine means 'legal for a price'," said Ed Bisch, who lost his son Eddie to an overdose in 2001.

LIMITS OF PUNISHMENT

Arleo said she could not jail Purdue executives or company owners because the U.S. Department of Justice had not brought charges against them, only the company.

The judge said accepting the plea deal was the best outcome she could achieve, and that she hoped future cases would be handled differently, so that corporate wrongdoers do not get the message that they can "pay fines as the cost of doing business."

Under the plea deal, most of the \$5.5 billion in fines will go unpaid, with the Justice Department collecting just \$225 million as long as Purdue directs its remaining assets to repaying its creditors. Those are mostly state and local governments that were left to deal with the cost and consequences of the opioid crisis in their communities.

The sentencing comes as people harmed by opioids say the company's long-running bankruptcy has left them frustrated. The \$7.4 billion settlement, which includes an \$865 million fund for individuals affected by the crisis, had been hailed by Purdue and plaintiffs' lawyers as a victory for victims. A recent [Reuters examination shows](#) how the process has created daunting hurdles for many people seeking compensation.

Many victims who spoke on Tuesday expressed frustration with a bankruptcy settlement that could shut out many people who have been unable to find the old prescription records needed to qualify for payment.

Arleo told Purdue's lawyers that they should work with claimants who are having trouble locating old prescription records, rather than simply rejecting them.

"I want there to be some flexibility for victims," Arleo said. "We don't just say 'no' because the records aren't there."

Alexis Pleus, who lost her son Jeff to an overdose after he was first prescribed OxyContin for a football injury, said she had heard from countless families with stories like hers, and the majority likely won't qualify for payment.

"We still deserve justice, and this isn't it," Pleus said in court.

COMING TO A CLOSE

Purdue's bankruptcy case is coming to a close after more than six years in court, following a lengthy series of appeals that went all the way to the [U.S. Supreme Court](#).

The sentencing was one of the final hurdles before the bankruptcy settlement can proceed.

Purdue said it remains on track to emerge from bankruptcy on May 1, ceasing its previous operations and emerging as a new nonprofit company that will make opioid addiction treatment and overdose-reversal medicines.

As part of the plea agreement, Purdue admitted to paying kickbacks to doctors to fuel OxyContin sales and to deceiving federal regulators about its efforts to prevent illegal drug use.

The company previously pleaded guilty to misbranding and fraud charges related to its marketing of OxyContin [in 2007](#), admitting it falsely marketed OxyContin as less addictive, less subject to abuse, and less likely to cause withdrawal symptoms than rival pain medications.

Reporting by Dietrich Knauth, Additional reporting by Daniel Wiessner; Editing by Alexia Garamfalvi, Lincoln Feast and Bill Berkrot

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Critical Mass With Law.com's Amanda Bronstad: SCOTUS Hears Key Roundup Case, 1st Bellwether Trial Opens Over Bard PowerPort

This week: The U.S. Supreme Court heard arguments on Monsanto's defense of federal preemption in lawsuits over its Roundup pesticide. The first bellwether trial among more than 3,000 lawsuits over Bard's PowerPort medical devices began in Arizona. Find out who stepped in to represent fertilizer manufacturers, such as Koch Industries and The Mosaic Co., in a string of new antitrust lawsuits.

April 29, 2026 at 11:41 AM By  **Amanda Bronstad**



The front of the US Supreme Court in Washington, DC.

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

This week: The **U.S. Supreme Court** heard arguments on **Monsanto's** defense of federal preemption in lawsuits over its **Roundup** pesticide. The first bellwether trial among more than 3,000 lawsuits over **Bard's PowerPort** medical devices began in Arizona. Find out who stepped in

to represent **fertilizer** manufacturers, such as **Koch Industries** and **The Mosaic Co.**, in a string of new antitrust lawsuits.

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



Paul Clement, partner now with Clement & Murphy, speaking at a panel discussion during the "Law Symposium: Justice Thomas's Thirty-Year Legacy on the Court," Co-hosted by The C. Boyden Gray Center for the Study of the Administrative State and The Heritage Foundation, in Washington, D.C., on Thursday, October 21, 2021. Photo: Diego M. Radzinski/ALM

‘Concerns About Letting State Juries Decide’ in SCOTUS Roundup Case

The **U.S. Supreme Court** heard oral arguments on Monday in the highly anticipated case that could decide whether thousands of **Roundup** lawsuits are preempted by federal law.

[Here's](#) my colleague **Jimmy Hoover's** recap of the arguments, in which **Monsanto** attorney [Paul Clement](#) (**Clement & Murphy**) sought to convince the high court to reverse a \$1.25 million Roundup verdict in Missouri state court. He argued that the **Federal Insecticide, Fungicide, and Rodenticide Act** preempted claims that Monsanto failed to warn about a Roundup ingredient's risk of developing non-Hodgkin lymphoma—a key defense in thousands of lawsuits across the country.

[Ashley Keller](#) (**Keller Postman**), for plaintiff John Durnell, insisted the **Environmental Protection Agency's** regulatory approval of Roundup was outdated, but many Supreme Court justices appeared to side with Monsanto, which was backed by **Solicitor General D. John Sauer**. Jimmy told me:

"The Supreme Court seems to be leaning toward throwing out any remaining state failure-to-warn claims against Monsanto over its 'Roundup' weed-killer following oral arguments in the company's high-profile appeal on Monday. Justices across the ideological spectrum voiced concerns about letting state juries decide whether certain federally-approved products should bear cancer warnings. Monsanto's lawyer, the veteran Supreme Court litigator Paul Clement, argued to the court that such claims are preempted by federal law, and several on the court appear inclined to agree."

Up next: Monsanto parent company **Bayer**, ahead of the Supreme Court's decision, reached a \$7.25 billion class action settlement in Missouri state court to resolve Roundup lawsuits. **U.S. District Judge Vince Chhabria** has set a hearing this Thursday in the **Northern District of California** after [Robin Greenwald](#) (**Weitz & Luxenberg**) and [David Dickens](#) (**Miller Law Firm**), who are co-lead counsel in the multidistrict litigation, filed an injunction motion to intervene before the settlement's July 9 final approval hearing.

One of the key concerns is that the settlement encompasses not just current non-Hodgkin lymphoma patients, but those exposed to Roundup who might get cancer in the future. [David Freeman Engstrom](#) (**Stanford Law School**), who filed an amicus brief supporting the injunction motion, told me:

"That is the problem with any futures class. And there really have only been a really small handful of class actions and class action settlements that have been approved by courts with futures classes. And the reason is that it's just so hard to get constitutional notice to people who haven't yet felt any concrete injury."



NJ Law Journal, Litigation Dept. of the Year 2014, Edward Fanning, McCarter and English Product Liability group

Bellwether Trial: ‘He Went Septic in the Middle of His Cancer Treatment’

The first bellwether trial over **C.R. Bard Inc.’s PowerPort** medical devices began this month in **U.S. District Court** for the **District of Arizona**.

More than 3,000 lawsuits are [coordinated in multidistrict litigation](#) over the devices, implanted under the skin to provide repeated intravenous chemotherapy or other medications. Lawsuits allege that the devices are defective, often causing bloodstream infections, thrombosis or fractures. The first trial began on April 21 and is due to wrap up by May 8. Additional bellwether trials are scheduled for July 7, Aug. 18, Oct. 13, Dec. 1 and Feb. 2 of next year.

U.S. District Judge David Campbell, who is managing the multidistrict litigation, previously oversaw more than 8,000 lawsuits over Bard’s IVC filters.

In this month’s trial, [Richard North](#) (**Nelson Mullins**), [Elizabeth “Kate” Helm](#) (**Nelson Mullins**) and [Edward Fanning](#) (**McCarter & English**) represent Bard, which is owned by **Becton Dickinson & Co.**, or **BD**. [Michael Sacchet](#) (**Ciresi Conlin**), [Megan Odom](#) (**Ciresi Conlin**), [Tom Pirtle](#) (**Laminack, Pirtle & Martines**) and [Gabriel Assaad](#) (**McDonald Worley**) represent the plaintiff, Robert Cook, who alleged he developed an infection from a Bard PowerPort M.R.I Implantable Port in 2022. Sacchet told me:

“He was implanted with a Bard polyurethane port catheter. Ten days later, he went septic in the middle of his cancer treatment. The sepsis caused a whole host of complications and hospitalizations, as well as a delay in his chemo treatment. He’s still alive, but he has brought claims for design defect with respect to the design of these port catheter devices. Since these devices were cleared in 1995, 30 years ago, Bard has never updated the material of the catheters to resist or prevent bacteria from attaching to it, causing infections.”



Christa Cottrell of Kirkland & Ellis. Courtesy photo

Who Got the Work?

Lawyers for **The Mosaic Co.**, **Koch Industries** and five other defendants involved in the sale of fertilizer appeared before the **U.S. Judicial Panel on Multidistrict Litigation** as counsel in about two dozen antitrust lawsuits. The suits, brought in the past month following a [Bloomberg article](#) that disclosed the **U.S. Department of Justice** had opened a price-fixing investigation into the industry, alleged that the companies conspired to restrain trade in the production of nitrogen, phosphorus and potassium fertilizer. Here are the lawyers appearing this month for the fertilizer manufacturers: [Mark Ford](#) (**Wilmer Cutler Pickering Hale and Dorr**) for Mosaic, [Michael Bonanno](#) (**Quinn Emanuel & Urquhart**) for Koch Industries, [Christa Cottrell](#) (**Kirkland & Ellis**) for **CF Industries**, [David Kiernan](#) (**Jones Day**) for **Nutrien Ltd.**, [Heather Lamberg](#) (**Freshfields**) for **Yara**

North America and [Richard Brosnick \(Akerman\)](#) for **Canpotex Ltd.** Another lawyer, [Peter Siachos \(Gordon Rees Sully Mansukhani\)](#), appeared for **The Fertilizer Institute**.

Here's what else is happening:

Merck Talc: Merck [won an April 17 defense verdict](#) in the first trial alleging its Dr. Scholl's foot powder and Lotrimin, used for athlete's foot, caused a 41-year-old professional hockey player to get mesothelioma. The trial in Illinois' **Cook County Circuit Court** comes as Merck faces more than 600 similar cases over cosmetic talcum powder products that it purchased in 2009, but sold in 2014. **Sidley Austin** partners [Michelle Ramirez](#), [Tacy Flint](#) and [Paul Boehm](#) represented Merck along with [Peter Moir \(Morgan Lewis & Bockius\)](#), [Sam Iola \(Iola, Gross & Forbes-King\)](#), [Rachel Gross \(Iola, Gross & Forbes-King\)](#) and [Michael Cooney \(Cooney & Conway\)](#) represented the plaintiff, Cole Bassett.

GM Greenlighted: General Motors [failed to toss](#) a sweeping consolidated class action alleging it gathered data about drivers without their knowledge, then sold that information to third parties, such as insurance companies, which then raised rates. **Senior U.S. District Judge Thomas Thrash**, in the **Northern District of Georgia**, who is overseeing the multidistrict litigation, left intact most of the 65-count complaint, which alleged GM began collecting data on drivers through its OnStar Smart Driver service. The suits also name two credit reporting agencies that received driver data from GM: **LexisNexis Risk Solutions Inc.** and **Verisk Analytics Inc.**

Amazon Appeal: The **U.S. Court of Appeals for the Eighth Circuit** [certified a question](#) to the **Minnesota Supreme Court** about whether **Amazon** was liable for a defective third-party product that was sold through its site. **Berkeley Regional Insurance Co.** sued Amazon after a replacement phone battery sold by Chinese-based **Yishda** caught fire, costing \$3.8 million in damages. Courts across the country have been split over Amazon's liability: the **Texas Supreme Court**, taking up a question certified by the **U.S. Court of Appeals for the Fifth Circuit**, sided with Amazon, but the **California Supreme Court** found for the plaintiff in a separate case.

Thanks for reading Critical Mass! I'll be back next week.

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California Brief

Refunds on Trump Tariffs Pose Accounting Dilemmas for Companies

April 29, 2026, 1:45 AM PDT

Nike Inc. and Levi Strauss & Co. are among companies grappling with how to record refunds on the Trump administration's tariffs in their financial reports while uncertainty related to the payments persists.

Nike has paid \$1 billion in International Emergency Economic Powers Act tariffs invalidated by the Supreme Court, though potential refunds remain "highly uncertain," the footwear maker said in its latest quarterly report filed April 1. Meanwhile, Levi told investors it would recognize a refund related to \$80 million in IEEPA tariffs it paid when accounting rules are met relating to contingencies, or situations with uncertain outcomes that will be resolved in the future.

Other publicly traded businesses headed into quarterly earnings season this May likewise will need to make judgment calls on the best way to account for refunds, should they get paybacks from the Trump administration now that a new request portal is live. The method they pursue could vary depending on how they decide to view the refund, with different accounting approaches for probable versus realized payments.

C-suite leaders will have to justify their financial reporting choices to boards, investors, and analysts—who likely will want to see how refunds could affect business profitability.

"Making the right decisions around this level of uncertainty—and providing the right amount of information to investors without over-claiming anything—is really important," North Carolina State University assistant professor Carly Burd said.

Customs and Border Protection last week launched a web portal for importers to file refund requests following the Supreme Court's February ruling. President Donald Trump has scrutinized the high court's decision, saying April 21 he would remember those who decline to seek refunds.

Companies with first quarters concluding March 31 will file financial reports with the Securities and Exchange Commission by mid-May. As they prepare filings, some have encountered third parties offering up front payments in exchange for the right to receive processed refunds, which bring their own set of accounting considerations.

"One question that we've been fielding is, 'If I believe I'm owed a tariff refund and a company offers to buy my right to that refund, can I treat the money I receive from this third party as a refund?'" Grant Thornton LLP partner and chief accountant Graham Dyer said.

Weighing Approaches

Companies could plan to recognize an asset for a tariff refund claim when receipt of that refund is "probable," a method known as loss recovery.

Alternatively, businesses could take a more conservative accounting approach under the gain contingency model and only record the asset when it's "realized" or "realizable."

"That might be when either you get the cash in hand or you've got an affirmative agreement around the amount that you'll be refunded with Customs," PwC US Chief Accountant Thomas Barbieri said.

Food technology company BranchOut Food Inc. is treating its potential tariff refund of more than \$300,000 as a gain contingency and not recognizing the amount in 2025 financial statements, according to its latest annual report.

The gain contingency model can be more straightforward to apply, since determining when a refund is "probable" under the loss recovery method requires judgment.

Accounting teams will need to do a "careful evaluation" of the "probable" threshold that may require consultation with legal counsel and external advisers, said Ryan Walker, a partner in Crowe LLP's national office.

Nike discussed uncertainty in its quarterly report, saying current ambiguity about the timing of refunds has led the company to determine "potential recovery of any funds is not probable."

Companies shouldn't shy away from a loss recovery model if they are okay explaining judgment calls to their boards and investors, Grant Thornton's Dyer said. This model may be advantageous for companies that can be slower to turn around inventory.

"The sooner you can recognize a tariff refund, the sooner you can reduce your inventoried costs and thereby improve your future margin," Dyer said.

Nike, Levi, and BranchOut Food didn't respond to requests for comment.

Refund Deals

Companies are also assessing how to account for emerging deals in which they could effectively "sell" their rights to a refund in exchange for up-front payments from third parties.

Funds including King Street Capital Management and Fulcrum Capital Holdings have bet on tariff-refund claims, Bloomberg News previously reported.

Capital markets firm Seaport Global says it's connecting importers aiming to monetize their refund claims faster with institutional investors willing to provide near-term liquidity.

Broadly, these transactions raise accounting questions. While economically businesses may think they secured a gain, the accounting doesn't necessarily afford them that option, PwC's Barbieri said.

"For the most part I think it's going to be hard for people to recognize that as a locked in gain today," Barbieri said. "Oftentimes that might end up being a financing."

Dyer said his team's expectation is that a "super majority" of the transactions will be accounted for as borrowings under accounting rules, called generally accepted accounting principles, or GAAP.

The Financial Accounting Standards Board keeps tabs on matters including tariffs through public outreach and has a research project on current trends and emerging issues, spokesperson Christine Klimek said in a statement.

Quarterly Earnings

In the upcoming earnings cycle, accounting analyst Olga Usvyatsky said she hopes to learn more about the financial reporting models businesses are using for tariff refunds, as well as the refunds they expect to receive.

Even if peer companies choose the same model, the associated judgment calls might lead them to different decisions about when refunds should be recognized, Usvyatsky said.

"There is definitely room for inconsistent accounting—and even more room for inconsistent disclosure," Usvyatsky said.

Moving forward, companies need to disclose details to investors about their accounting and the items that could be affected, Barbieri said.

"Have transparent disclosure along the way, both in regards to the amount—but also in regards to ultimately any bookkeeping you do, what line items it's hitting—so that investors can put Humpty Dumpty back together again," Barbieri said.

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California Brief

Processed Food Makers Hit With New Childhood Addictiveness Suit

April 28, 2026, 12:18 PM PDT

Kraft Heinz Co., Mondelez International Co., Nestle USA Inc., and others allegedly deliberately designed and marketed ultra-processed food products to addict children by following tobacco companies' playbooks, a new consumer lawsuit said.

"Never in American history have so many children been hooked on an addictive substance," according to the complaint filed Monday in the US District Court for the Eastern District of Wisconsin. Each packaged food company "targeted and continues to target children with their harmful UPF," the complaint added.

Post Holdings Inc., The Coca-Cola Co., PepsiCo Inc., General Mills Inc., Kellanova, WK Kellogg Co., Mars Inc., Conagra Brands Inc., and Unilever United States Inc. are named defendants.

The consumer lawsuit comes months after the City of San Francisco filed a first-of-its kind lawsuit against the same companies in December 2025. That lawsuit alleges the food companies designed their products to be cheap and addictive and knew that their products would lead to widespread public health problems.

The packaged food producers used the same formulation strategies and marketing tactics that tobacco companies used to get children hooked on cigarettes to also get kids addicted to UPF, the lawsuit said. Plaintiff Olivia Kreie said she was diagnosed with type 2 diabetes when she was nine because of her chronic exposure to the companies' harmful UPF products.

Before UPF flooded the food system, type 2 diabetes were mostly found in adults and was called "adult-onset diabetes," the complaint said. But when tobacco companies Phillip Morris and RJ Reynolds bought major food companies in the 1980s, UPF adoption skyrocketed and so did childhood obesity and type 2 diabetes, the complaint said.

"For the first time in human history, diseases of older individuals, including but not limited to Type 2 diabetes, have emerged in children and are now common in children and increasing," the complaint said. "Childhood Type 2 Diabetes is a commerciogenic disease—a disease which would not exist but for the recklessness of the companies that dominate our commercial food system."

Last summer, the food companies defeated a substantially similar lawsuit in the Eastern District of Pennsylvania. There, the judge said the plaintiff didn't sufficiently identify which products he consumed, their frequency, or how close to his diagnoses he consumed the products.

By contrast, Kreie's complaint lists products from each company, the approximate frequency she consumed them, and when she started consuming them.

She brings claims for negligence, failure to warn, defective design, negligent misrepresentation, fraudulent concealment, civil conspiracy, and aiding and abetting wrongful conduct. She also brings a claim for a violation of the Wisconsin Deceptive Trade Practices Act.

Kreie seeks damages.

The food companies didn't respond to requests for comment.

Kreie is represented by Kravit, Hovel & Krawczyk S.C.

The case is Kreie v. Kraft Heinz Co. , E.D. Wis., No. 1:26-cv-00738, complaint filed 4/27/26 .

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4 Class Action Suits Say GrayRobinson Waited 13 Months to Inform Victims of Data Breach

The Am Law Second Hundred firm faces two suits in Florida state court and two in federal court over a March 2025 breach that allegedly impacted 65,000 potential class members.

April 29, 2026 at 10:07 AM By  **Vivienne Serret**



Credit: Shutterstock

What You Need to Know

- From March 5 through March 24, 2025, criminal hackers allegedly targeted and accessed GrayRobinson's network systems and stole personal data.
- GrayRobinson did not notify affected clients until April 24, 2026.
- Plaintiffs firm Kopelowitz Ostrow filed two suits, while Milberg and Shamis & Gentile each filed one.

Am Law Second Hundred firm Gray Robinson was hit with at least four class action suits in Florida state and federal court Tuesday after 65,000 class members' sensitive personally identifiable information and personal health information was allegedly compromised in a data breach.

Law firm Kopelowitz Ostrow filed suits in the [U.S. District Court](#) for the Middle District of Florida and the [Circuit Court](#) of the Ninth Judicial District in Orange County while Milberg filed [its own suit](#) in the Ninth Judicial District over a data breach lasting from March 5 to March 25 2025 in which hackers allegedly captured personally identifiable information and health information of current and former clients. Shamis & Gentile also filed [a suit](#) in U.S. District Court.

The suits accused GrayRobinson of waiting over a year until this April before notifying affected individuals that their data had been exposed. Sensitive data leaked included full names, dates of birth, Social Security numbers, driver's license and government identification numbers, financial account information, health insurance information, medical diagnosis and treatment information, and more.

"The harm resulting from a cyberattack like this data breach manifests in numerous ways including identity theft and financial fraud, and the exposure of an individual's private information due to a data breach ensures that the individual will be at a substantially increased and certainly impending risk of identity theft crimes compared to the rest of the population, potentially for the rest of his or her life," Kopelowitz Ostrow attorneys wrote in the federal court suit on behalf of lead plaintiff Jason Reinhart.

In a [notice of incident](#), GrayRobinson outlined to clients it was continuing "to take significant measures to protect their information."

In the letter sent to affected parties on April 24, GrayRobinson said that upon learning of the issue, it immediately secured its network, reported the incident to law enforcement, and commenced a thorough investigation, according to the four lawsuits. Following the completion of the firm's investigation, it was "determined that some of our files may have been accessed or removed by the unauthorized individual(s) between March 5, 2025 and March 24, 2025."

All four class action suits contend that omitted from GrayRobinson's notice letter were details like the date(s) or root cause of the data breach, the vulnerabilities exploited, and the remedial measures undertaken to ensure such a breach does not occur again.

"To date, these critical facts have not been explained or clarified to plaintiff and class members, who retain a vested interest in ensuring that their private information is protected," all four suits state.

The four suits all bring claims of negligence, breach of implied contract, breach of fiduciary duty and unjust enrichment.

GrayRobinson did not immediately respond to inquiries for comment, nor did attorneys with Kopelowitz Ostrow and Milberg.

Page printed from: <https://www.law.com/dailybusinessreview/2026/04/29/3-class-action-suits-say-grayrobinson-waited-13-months-to-inform-victims-of-data-breach/print/>

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Breakdown between parent, counsel stalls social media addiction case

DJ [dailyjournal.com/articles/391094-breakdown-between-parent-counsel-stalls-social-media-addiction-case](https://www.dailyjournal.com/articles/391094-breakdown-between-parent-counsel-stalls-social-media-addiction-case)



Los Angeles County Superior Court Judge Carolyn B. Kuhl

Social media companies took a backseat Tuesday in the latest coordinated youth addiction dispute as the firm that launched the suits sought to withdraw from representing a plaintiff parent, telling a judge the relationship was "irretrievably broken" amid conflicts over how her children's case should be handled.

Because the parent's claims are not part of the bellwether pool in the litigation that accuses Meta Platforms Inc. and other companies of designing addictive social media apps that harm minors, Los Angeles County Superior Court Judge Carolyn B. Kuhl signaled that there was no urgency to resolve the dispute and granted a 90-day extension for the plaintiff to seek new counsel.

The parent, identified as S.J., opposed the request at a hearing Tuesday and asked that Social Media Victims Law Center remain on her case. Appearing remotely, she argued the firm's removal would prejudice her children's case and that her efforts to secure new counsel had been unsuccessful.

"If you have some conflicts with your attorneys, it's best that you try to find somebody else. This litigation is very complicated," Kuhl told the plaintiff.

Laura Marquez-Garrett of the Social Media Victims Law Center - the Seattle-based firm that helped develop the litigation's novel design defect theory - moved to withdraw from representing S.J., a Georgia parent suing on behalf of her two minor children.

During the hearing, Marquez-Garrett described the matter as an "untenable situation," telling Kuhl that the issues "go well beyond code names" and include "extensive, difficult calls" and demands for representation on matters the firm does not handle.

In court filings, the firm said the attorney-client relationship had become unworkable under California ethics rules allowing withdrawal when representation is rendered unreasonably difficult.

Marquez-Garrett pointed to what she described as escalating disputes and demands that interfered with her ability to represent not only S.J., but also other clients in the coordinated proceeding.

In a declaration, the attorney cited "constant threats to sue our firm," accusations of misconduct and repeated demands that went beyond the scope of representation and the firm's area of expertise. She also referenced conflicts over communication methods and control of the case.

S.J., who spoke for herself at the hearing, argued that despite the differences, withdrawal would be prejudicial after years of litigation. She told Kuhl she had contacted roughly 40 attorneys but had been unable to secure replacement counsel.

She framed the dispute as rooted in safety concerns, pointing to ongoing identity theft issues and what she described in filings as fraudulent power-of-attorney documents affecting her and her children. According to her opposition, some of her requests - including limits on counsel communication - were intended to protect her children's legal interests, not disrupt the case.

During the hearing, Kuhl characterized the dispute as a breakdown in communication rather than a matter requiring immediate intervention.

"I know that there have been communication difficulties here," Kuhl said. "You need to be patient because we're at this stage of these cases where we're having some early trials and your children are not included in those early trials."

Kuhl reminded S.J. to follow her attorneys' guidance, noting they are handling many clients and must balance competing demands across the litigation. She added that cooperation is essential to keep cases moving forward in such a large, coordinated proceeding.

This year, Social Media Victims Law Center brought a client to trial named Kaley, who prevailed on claims that Instagram and YouTube's design features such as autoplay and infinite scroll substantially contributed to her mental health struggles. The leading bellwether case was tried by Lanier Law Firm founder Mark Lanier, who secured the \$6 million landmark verdict. *Social Media Cases*, JCCP5255 (L.A. Super. Ct., filed Oct. 24, 2022).

S.J. acknowledged Kuhl's analysis, apologized to the court and her attorneys, and agreed to seek new counsel within the 90-day continuance. The firm was directed to keep the case current during this process.

The next bellwether trial is scheduled for June.

#391094

Devon Belcher

California Brief

Meta Defeats Data Privacy Class Lawsuit Over Food Bank Sites

April 28, 2026, 8:18 AM PDT

Meta Platforms Inc. convinced a federal court to dismiss a proposed class suit that alleged several California non-profit food banks disclosed personal data to the social media company in violation of state and federal law.

Meta users agree to its privacy policy through continued use of their Facebook and Instagram accounts. The plaintiffs had those accounts, and the privacy policy covered the alleged conduct, Magistrate Judge Laurel Beeler said for the US District Court for the Northern District of California.

The plaintiffs may have been correct that they didn't consent to sharing medical and financial data, but they didn't show that Meta received sensitive information from the food banks, Beeler said.

The plaintiffs failed to sufficiently show that disclosing someone had visited a food assistance website or targeting them with ads was highly offensive, as required to allege an injury in fact. .

Beeler also rejected a proposed class definition that included everyone in the US who used the food bank defendants' websites. It was facially over-broad because someone who visits one of the food bank websites need not enter sensitive information.

Fitzgerald Monroe Flynn PC represented the plaintiffs. Latham & Watkins LLP represented Meta.

Lathrop GPM LLP, Seyfarth Shaw LLP, Gordon Reese Scully Mansukhani LLP, and Coblentz Patch Duffy & Bass LLP represented the various defendant food banks.

The case is *Timothee v. Meta Platforms Inc.*, N.D. Cal., No. 3:25-cv-05106, 4/27/26 .

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9th Circuit Judges Urge Full Court to Rethink Section 230 Precedent as Meta Beats Genocide Case

"Section 230, as we have interpreted it, bars their claims, and we cannot hold Meta 'responsible for the unfortunate realities of human nature,'" the appellate panel held.

April 28, 2026 at 05:07 PM By  **Avalon Zoppo**



Judges Marsha Berzon (L) and Ryan Nelson (R) of the U.S. Court of Appeals for the Ninth Circuit. Courtesy photo/ALM

The U.S. Court of Appeals for the Ninth Circuit on Tuesday upheld the dismissal of a class action accusing Meta of designing Facebook in a way that boosted anti-Rohingya content and fueled genocide against the ethnic minority in Myanmar.

The court cited the federal Communications Decency Act's Section 230 protections for publishers of third-party content, but two judges penned separate concurrences arguing the Ninth Circuit's precedent has stretched the statute's meaning of "publisher" too far.

The Ninth Circuit, in dismissing the suit, [said](#) it was bound by Section 230, which provides immunity for online platforms from liability based on content posted by users.

The underlying lawsuit was filed by members of the Rohingya community who were displaced from their homes and alleged that Facebook played a role in the Rohingya genocide in Myanmar. The suit contended that Facebook’s algorithm was designed negligently and encouraged users to post extreme content—such as anti-Rohingya posts—through likes and comments and amplified hateful posts.

The Ninth Circuit held that the claims related to Facebook’s design as a publisher of third-party content and, therefore, the company enjoyed Section 230 immunity.

"Meta created Facebook, an interactive computer service. That service recommended content to users to maximize engagement. Under our precedent, that is publishing conduct that does not materially contribute to or develop the underlying content," Judge Ryan Nelson wrote for the court.

"Plaintiffs believe that Facebook’s design, coupled with the darker elements of human nature, caused real-world harm," added Nelson, joined by Judges Marsha Berzon and William Fletcher. "But Section 230, as we have interpreted it, bars their claims, and we cannot hold Meta ‘responsible for the unfortunate realities of human nature.’"

In a concurrence, Berzon wrote that—if not bound by circuit precedent—she would have held that Section 230 immunity doesn’t cover Meta’s use of algorithms to recommend content and connect users.

She lamented Ninth Circuit precedent that grants protections to social media companies for "conduct that bears little resemblance to traditional activities of publication."

"[I]f not bound by Circuit precedent I would hold that the term ‘publisher’ under Section 230 reaches only traditional activities of publication and distribution—such as deciding whether to publish, withdraw, or alter content—and does not include activities that promote or recommend content or connect content users to each other," wrote Berzon, joined by Fletcher.

Berzon cited a recent U.S. Supreme Court decision and a Third Circuit ruling to cast doubt on the position that platforms’ algorithmic recommendations are subject to Section 230 protections.

In *Moody v. Netchoice*, the high court weighed a First Amendment challenge to state laws that restricted social media platform content moderation. The justices instructed lower courts to re-do their First Amendment analyses but said that platforms "are making expressive choices" when they use standards to decide how to organize third-party content to display on feeds.

The Third Circuit [held](#) in *Tawainna Anderson v. TikTok* that the company's video-suggestion algorithm was its “own expressive activity,” and so Section 230 did not bar a lawsuit over the death of a 10-year-old who had asphyxiated while attempting a viral stunt she saw on her “For You” page.

“Taken together, *Moody* and *Anderson* persuasively suggest that algorithmic recommendations are an internet service provider’s first-party speech for purposes of assessing Section 230 immunity,” Berzon wrote. “And those two cases demonstrate that there is now both an intercircuit conflict and strong tension with a recent Supreme Court case. *Moody v. NetChoice* and *Anderson* only underscore the necessity for en banc review of this Court’s precedent addressing Section 230.”

Nelson penned a separate concurrence also arguing that the Ninth Circuit has read Section 230 too broadly and has gone beyond the traditional meaning of “publisher.”

“Modern recommendation algorithms are opaque, esoteric, and—particularly when artificial intelligence enters the fray—incomprehensible, sometimes even to their own designers,” Nelson wrote. “Much of the matchmaking and network creation that modern algorithms engage in does not fit within any fair definition of publishing conduct.”

Following the *Moody* decision, it is clear that “advanced algorithms” are outside Section 230’s shield, Nelson added. Advanced algorithms are highly personalized based on an individual user’s engagement habits, he wrote.

“It was that kind of advanced, personalized algorithm that *Moody* considered,” Nelson wrote. “So we should revisit our doctrine where a personalized recommendation algorithm is at issue.”

He added that Facebook’s 2009 algorithm at issue here was more basic and didn’t clearly fall outside of Section 230 immunity.

“We might also await a vehicle in which a platform manipulates its algorithmic content delivery to boost or deboost content based not on what users are likely to engage with, but based on value-laden editorial choices made by the platform itself,” Nelson wrote.

The Ninth Circuit rendered its decision in *Doe 1 et al. V. Meta Platforms Inc.*, Case No. 24-1672.

Page printed from: <https://www.law.com/nationallawjournal/2026/04/28/9th-circuit-judges-urge-full-court-to-rethink-section-230-precedent-as-meta-beats-genocide-case-/print/>

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Fertilizer giants hit with new antitrust lawsuit

DJ [dailyjournal.com/articles/391087](https://www.dailyjournal.com/articles/391087)

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A proposed class action lawsuit filed in federal court in California accuses some of the world's largest fertilizer companies of conspiring to fix prices and restrict supply, driving up costs for American farmers.

The complaint cites alleged conduct between 2021 and 2025, well before the Iranian blockade of the Strait of Hormuz sparked a sharp increase in fertilizer prices. It follows similar cases filed last month in federal courts in Colorado, Illinois and Kansas. Those complaints involved different plaintiffs and attorneys but named most of the same defendants.

"Every year, American farmers make planting decisions that should be determined by soil science and agronomic need," wrote Patrick J. Coughlin, representing Ohio corn and soybean farmer Wallace Hatfield. "For more than five years, those decisions have been governed by something else: the pricing power of a small group of fertilizer producers who coordinated to ensure that no matter where a farmer looks for nitrogen, phosphate, or potash (potassium), the price is artificially elevated, the supply is constrained, and the answer to 'why is it so expensive?' is always the same non-answer. This case is about those fertilizer companies' coordination."

The complaint named Nutrien Ag Solutions Inc., The Mosaic Company, CF Industries and affiliates, Koch Ag & Energy Solutions LLC and affiliates, and Yara North America Inc. *Hatfield v. Nutrien Ag Solutions Inc.*, 1:26-at-01943 (E.D. Cal., filed April 27, 2026).

"Yara is aware of class action complaints related to pricing for fertilizer in the United States," the company said in a statement emailed by spokesperson Allison Stahl. "Yara remains confident in the integrity of its business practices and commitment to compliance and intends to defend itself vigorously against these claims."

"The Defendants in this case collectively control the American fertilizer supply chain from mine to farm gate," added Coughlin, of counsel with Scott+Scott Attorneys at Law LLP in San Diego. "For example, Nutrien and Mosaic together

account for more than 90% of North American phosphate and potash production capacity, and CF Industries, Koch, Nutrien, and Yara control 82% of domestic production of nitrogen."

Coughlin wrote that fertilizer prices have been on a roller coaster for years because of a variety of disruptions, including Russia's invasion of Ukraine and trade restrictions imposed by China, the European Union and the United States. But even when added together, he claimed, these cannot account for the increase in prices.

"At best, these events gave convenient pretext for the price increases caused by Defendants' underlying conspiracy," Coughlin wrote.

The complaint seeks class certification, as well as damages under the Sherman Antitrust Act.

Coughlin also referenced recent government scrutiny of the industry. Last month, at the urging of several U.S. senators from major farming states, the U.S. Department of Justice launched a probe into alleged anticompetitive behavior by fertilizer producers. At a news conference last Friday, Agriculture Secretary Brooke Rollins announced a new multiagency response to the rising cost of farm inputs, calling it "a matter of national security."

The other federal complaints made similar claims. In the Colorado case, DiCello Levitt LLP partner Jonathan S. Crevier cited "Defendants' conspiracies to fix, raise, maintain, and/or stabilize prices" for the major types of fertilizer. *Union Line Farms Inc. v. The Mosaic Company*, 1:26-cv-01043 (D. Colo., filed March 13, 2026).

Many American farmers are in trouble, according to several recent metrics.

Chapter 12 farm bankruptcies rose 46% in 2025, according to a February report from the American Farm Bureau Federation. This marked the second straight year of increases, driven by farm failures in the Midwest and Southeast. California and most other Western states have been relatively unscathed by the current crisis, the report found.

A separate bureau survey released this month found that "70% of respondents report being unable to afford all the fertilizer they need." The survey also reported a nearly 50% run-up in both fertilizer and farm diesel prices since the war with Iran began in February. Six in 10 farmers reported worsening finances, often citing rising fuel and fertilizer prices as they hit the spring planting season.

Starting in the 1980s, the fertilizer industry saw a three-decade consolidation trend that reduced the number of producers by more than 70%. A group of manufacturers settled federal antitrust cases for more than \$100 million in 2013 in Illinois; Mosaic paid almost \$44 million.

#391087

Malcolm Maclachlan

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Exclusive

Uber Lawyers Unfazed After Passenger Sexual Assault Verdicts

April 29, 2026, 2:00 AM PDT

Uber Technologies Inc. has struck a defiant tone after three recent jury verdicts in passenger sexual assault cases, with its legal team arguing that the outcomes have actually shown the strength of its defenses and dampened “unrealistic expectations” of high-figure settlements.

Despite liability findings against Uber in two of those trials, the rideshare company’s top attorneys defending thousands of similar cases said in an exclusive interview with Bloomberg Law that Uber views the verdicts as mostly positive, and the company has no plans to change its defense strategy.

“We are in no way deterred, I think quite the opposite,” said Allison Brown of Kirkland & Ellis, who was Uber’s lead attorney in two of the three bellwether jury trials.



Allison Brown of Kirkland & Ellis

Photo courtesy of Kirkland & Ellis

"While we are always open to entertaining reasonable paths to resolution, we are fully prepared to try more cases and to put this evidence and our story and our support for safety before jurors in other jurisdictions," she said.

"The plaintiffs bar has an unrealistic expectation of what a resolution should look like and the strength of their own inventory," she continued. "And so I am hopeful that these recent jury verdicts that can no way have been close to the amount of money they hoped to recover, will bring some of their expectations and demands into the realm of reality."

Uber was cleared of liability in its first passenger sexual assault jury trial in California state court last year. The verdict said that while Uber was negligent in its safety standards, that negligence wasn't a substantial cause of an alleged passenger sexual assault.

But in February, Uber lost its first federal bellwether case in Arizona, with a jury finding the company was legally responsible for a driver who raped a passenger and awarding \$8.5 million.

The second federal bellwether trial in North Carolina this month was far narrower, involving an act of unwanted touching. The jury awarded the plaintiff \$5,000.

Uber's Associate General Counsel of Complex Insurance Litigation & Strategy Maureen Frangopoulos said the company has had "resolution conversations" with plaintiff's attorneys and is willing to have more in the future. She declined to provide any details about those conversations.

The next bellwether trials are scheduled for this fall in San Francisco.

'A Strong Message' on Safety

The company has long faced claims that it prioritizes profits over passenger safety and must confront legal consequences for drivers who sexually assault or harm riders.

But as bellwether cases—pulled from thousands of state and federal lawsuits to test a range of fact patterns and legal theories—have moved to trial, Uber has steadfastly argued that it invests heavily in safety. It's told juries it conducts multi-step background checks on drivers and creates features that allow riders to share their route with others and an emergency police button. It's also argued that sexual assaults make up far less than 1% of the billions of annual rides it facilitates.

Brown and Frangopoulos said the verdicts have shown that juries have not bought into claims that the company has put profits over safety.

Even in the Arizona case, the jury rejected arguments that Uber had acted negligently in its safety practices.

There, the plaintiff asked the jury to award \$24 million to compensate her for her past and future mental health harms, and around \$120 million in punitive damages to punish Uber for its lax safety standards. The panel awarded \$8.5 million.

The verdict in Arizona "was a very strong message from the jury that Uber acted appropriately and takes safety seriously," Brown said. Frangopoulos also said the company will have a strong case on appeal based on incorrect jury instructions.

And in the North Carolina case, the plaintiff voluntarily dropped her negligence claim, only advancing a claim that Uber had a duty to protect its passengers. The judge had already determined before the trial that Uber had heightened legal duty over its passengers, which the two lawyers said was contrary to that state's common carrier law.

"When you look at the totality of these verdicts, especially for that first federal court trial where they want to hit on negligence and they want to see huge punitive damages, there was a lot of success for us in these outcomes," Frangopoulos said.

The two attorneys said many of the remaining lawsuits are far weaker for the plaintiffs than the cases tested at trial so far, noting that many have been dismissed for failure to provide basic information like ride receipts.





Uber Associate General Counsel Maureen Frangopoulos

Photo provided courtesy of Uber

In a statement, the co-lead counsel of the plaintiffs in the federal multidistrict litigation against Uber said the company is trying to “minimize these historic verdicts” by “spinning consecutive trial losses into something less significant.”

The statement said juries in different jurisdictions around the country have found the “testimony of women passengers credible, and Uber responsible for the egregious acts of its drivers.”

“Uber has every reason to be concerned, with more than 3,000 additional claims in the MDL ready to go,” the statement said, which was authored by Rachel Abrams of Peiffer Wolf Carr Kane Conway & Wise LLP, Sarah London of Girard Sharp LLP, and Roopal Luhana of Chaffin Luhana LLP. “Yet the company continues to malign its passengers in and out of court.”

“If Uber devoted even a fraction of its legal budget to safety enhancements, it might not be in this situation,” the counsel’s statement said.

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Uber seeks dismissal of 23 sexual assault cases in MDL over discovery failures

DJ [dailyjournal.com/articles/391090-uber-seeks-dismissal-of-23-sexual-assault-cases-in-mdl-over-discovery-failures](https://www.dailyjournal.com/articles/391090-uber-seeks-dismissal-of-23-sexual-assault-cases-in-mdl-over-discovery-failures)

Uber is seeking to dismiss more than 20 lawsuits in a federal multidistrict litigation over alleged sexual assaults on passengers, arguing that the plaintiffs failed to comply with court-ordered discovery requirements. Plaintiffs' attorneys say they have struggled to locate some of their clients.

The motion targets 23 individual cases consolidated in the litigation, part of a broader set of claims numbering in the thousands accusing Uber drivers of sexual assault.

According to the motion to dismiss, the affected plaintiffs missed deadlines to submit their plaintiff fact sheets in January and February 2026 and were later served with deficiency notices. *In re: Uber Technologies Inc. Passenger Sexual Assault Litigation*, 3:23-md-03084 (N.D. Cal., filed Oct. 4, 2023).

In a response filed Tuesday, plaintiffs' attorney Sommer D. Luther of Wagstaff Law Firm wrote, "Uber wrongly presents this issue as one of refusal by the clients to fill out a Plaintiff Fact Sheet."

Instead, Luther said her team has been unable to obtain current contact information for some clients despite extensive efforts.

In the April 15 motion, Uber attorney Michael B. Shortnacy of Shook, Hardy & Bacon LLP told U.S. District Judge Charles R. Breyer that the cases should be dismissed without prejudice because the plaintiffs failed to submit required fact sheets.

Shortnacy said the requirement is central to the litigation. Under a pretrial order entered in 2024, each plaintiff must submit a "substantially complete" fact sheet answering all questions, providing signed verifications and producing supporting records.

"None of these plaintiffs have produced a PFS," Shortnacy wrote in a declaration supporting the motion.

He added that each plaintiff was served with a written Notice of Overdue Discovery more than 30 days ago and still failed to cure the deficiencies, prompting the request for dismissal.

In its brief, Uber argued that the lack of disclosures has materially hindered its ability to defend itself in the litigation.

"The PFS is essentially the only way for defendants to obtain 'the specific information necessary to defend the case,'" Shortnacy wrote.

Without that information, Uber cannot assess the merits of the claims or prepare for trial and has already expended significant time and resources issuing deficiency notices and filing motions, he said.

The company also pointed to earlier rulings in the litigation, in which the court found that plaintiffs' failure to provide complete fact sheets "has caused prejudice to Uber."

Luther said there is "no indication that these clients are even aware that they failed to comply with the court's orders."

She emphasized the nature of the underlying allegations, arguing that survivors of sexual assault may be difficult to reach years later because of changes in residence, contact information or personal circumstances.

"There are many reasons why these victims of sexual assault could be unresponsive many years after the assault," Luther wrote.

Uber contends that dismissal without prejudice is justified under federal rules allowing courts to sanction parties for failing to comply with discovery orders or prosecute their cases.

Plaintiffs counter that dismissal is the most severe sanction available and should be reserved for willful misconduct.

The litigation, centralized in the Northern District of California, now includes more than 3,300 claims from plaintiffs across the country who allege Uber failed to implement adequate safety measures, such as effective background checks and rider protections, to prevent assaults by drivers. Uber maintains that it is a technology platform and is not responsible for drivers' actions.

In the first federal bellwether case, a jury awarded \$8.5 million to a plaintiff who said she was raped by an Uber driver. A second trial in April 2026 resulted in a much smaller \$5,000 award but still found Uber liable for the driver's conduct.

Judge Breyer is scheduled to hear arguments on the motion on June 12 in San Francisco.

#391090

James Twomey

California Brief

Insight

State AGs Took Live Nation Case to Finish Line for Music Lovers

April 29, 2026, 1:30 AM PDT

Anyone who tried to buy Taylor Swift tickets in November 2022 remembers the chaos. “It’s...excruciating for me to just watch mistakes happen with no recourse,” Swift said at the time. “I’m trying to figure out how this situation can be improved going forward.”

The pop queen and her Swifties were furious, and something had to be done. But, of course, there was nothing that could be done. When a monopolist is in control, even the most powerful artists in the world are at their mercy.

In a 2023 survey, only 19% of respondents said they would oppose the breakup of Live Nation-Ticketmaster. The landmark case against the company is truly an issue that unites a majority of Americans. We all suffer from high prices and aging infrastructure. Despised by the public, the company has still avoided antitrust scrutiny for more than 15 years and through multiple presidential administrations.

During the Obama administration, antitrust chief Christine Varney decided to settle and allow the merger rather than sue. In 2010, Varney expressed confidence the settlement would promote “robust competition for primary ticketing services.” It didn’t.

When that settlement was up for renewal in 2019, President Donald Trump’s lead antitrust enforcer, Makan Delrahim, settled again, stating that the Department of Justice “will not tolerate transgressions that hurt the American consumer.” It did. For the fans and artists, the only guarantee with Live Nation-Ticketmaster was promises made and promises broken.

Finally, in 2024, the DOJ and 40 state attorneys general had had enough. “The live music industry in America is broken because Live Nation-Ticketmaster has an illegal monopoly,” Biden antitrust chief Jonathan Kanter said. “Our antitrust lawsuit seeks to break up Live Nation-Ticketmaster’s monopoly.” Perhaps this time it would be different?

When I joined the DOJ in 2025 as the second highest-ranking antitrust enforcer, I was committed to bringing Live Nation-Ticketmaster to trial. Trump had just issued an executive order lamenting the fact that “unscrupulous middlemen...sit at the intersection between artists and fans and impose egregious fees while providing minimal value.” The DOJ should “ensure that competition laws are appropriately enforced in the concert and entertainment industry.”

Yes, this time it would be different. So I thought.

The president ran on a populist agenda of improving the lives of the average American. Former Assistant Attorney General Gail Slater and I took those words to heart. We thought that fighting pocketbook issues like lowering the cost of food, housing, healthcare, and live entertainment would be uncontroversial. But our tenures were cut short because the rhetoric didn’t match the reality.

In July 2025, I was fired by then-Attorney General Pam Bondi and her deputies. I believe I was fired for having the temerity to say that cases like Live Nation-Ticketmaster should be resolved on the merits rather than settled on the cheap at the request of lobbyists.

Slater was fired in February, weeks before the Live Nation-Ticketmaster trial was set to begin. I wasn’t surprised when, one week into the trial, the DOJ announced that they had settled for a song: damages reflecting four days of revenue and promises to make about a dozen venues nonexclusive.

The company had hired high-profile figures in Trump circles, including Kellyanne Conway, Trump’s senior counselor in his first term, and MAGA firebrand Mike Davis. “If you want to pay the lobbyists who are in charge of merger control, yeah, you can get your merger done,” Douglas Farrar, adviser to former FTC Chair Lina Khan, said. “The concern is the breakdown in the rule of law we have here.”

What was shocking after the settlement was the response from the states. A bipartisan coalition of more than 30 state AGs announced that they would fight on. The stakes were too high, and the settlement too weak. With the stellar DOJ trial team sidelined, the state AGS were understaffed and outgunned. Yet they planned and pivoted and recruited some of the best antitrust lawyers in the world. On a moment’s notice, they rose to the occasion and delivered a stunning blow to one of the most powerful corporations in the country.

The unanimous jury verdict was a watershed moment in the history of antitrust law. The chances of a breakup have never been better. That’s all due to the states and in spite of the DOJ, which is facing questions from Democratic Congress members about companies receiving favorable settlements after hiring advisers with close ties to Trump.

A DOJ deputy in a speech last week stated that with limited resources, “the question is what are we uniquely positioned to do.” Under their leadership, they are uniquely positioned to address small antitrust matters with little risk of corruption. The states and the private bar are the principal enforcers on the weighty matters the public cares about.

After their stunning success, state AGs on the left and the right alike are emboldened. Their victory was truly extraordinary. Even if they aren't Swifties, I imagine them celebrating wildly, belting out Taylor Swift's Long Live, "Long live all the mountains we moved/I had the time of my life fighting dragons with you."

Long live the state attorneys general. You will be remembered.

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Boies Schiller Sees Rapid Head Count Growth, Despite 31% Revenue Decline Against 'Aberrational' 2024

The litigation shop increased head count by 20% in 2025, but the timing of major contingency recoveries in fiscal 2024 put downward pressure on year-over-year financial performance.

April 28, 2026 at 02:42 PM By  **Dan Roe**



Boies Schiller Flexner offices in Washington, D.C. Photo: Diego M. Radzinski/ALM

What You Need to Know

- Boies Schiller Flexner enjoyed rising head count and demand in 2025, although year-over-year financial figures declined significantly.
- Chairman Matthew Schwartz attributed the financial performance to an above-average contingency fee payouts in 2024, including a major win against Blue Cross Blue Shield.
- Boies Schiller plans to continue to adding head count to meet rising demand in the coming years, Schwartz said.

Despite finishing 2025 down 30.9% on gross revenue and 40% on net income, Boies Schiller Flexner chairman Matthew Schwartz said it was still a great year for the firm.

The litigation shop tried more than 20 cases, increased its lawyer head count by 20.3%, from 182 full-time-equivalent lawyers to 219, and kept its lawyers busy thanks to increased demand for paying client work from both plaintiffs and defendants.

Amid the rise in lawyer head count, revenue per lawyer fell 42.6%. Profits per equity partner also fell 43.4%, though equity partner ranks remained steady.

As for the firm's financial results, Schwartz said the firm's contingency fee work means that he doesn't feel pressured to post increases to key financial metrics every year.

"Our firm is unique in that sense. You have to look at the performance over a period of time," Schwartz said in an interview. "If you do that, you'll see in the overall revenue a very clear upward trajectory, even though year-over-year it's going to look like a substantial decrease."

In 2024, Boies Schiller posted a 57% revenue increase after taking its share of a \$667 million attorney fee award in an antitrust case against Blue Cross Blue Shield. The firm also won portions of settlements from JPMorgan Chase and Deutsche Bank in lawsuits involving the banks' work for Jeffrey Epstein.

However, the firm's \$267.7 million in 2025 gross revenue represented an 8.8% increase over the firm's \$246 million gross revenue figure for 2023, a year when Boies Schiller posted an 11.8% revenue increase over 2022.

"It was aberrational," Schwartz said of the firm's 2024 contingency fee payouts. "And it was in large part a reflection of work done long in the past, and work done in 2025 will be recognized in future years."

Contingency fee awards comprised a third of Boies Schiller's lodestar—the dollar value of paying-client work and contingency fee work, with contingency work valued according to hourly fees until fee awards are assigned—during the 2025 fiscal year, Schwartz said, while paying client work accounted for the rest.

Meanwhile, the firm's lodestar has nearly doubled between Q1 2024 and Q1 2026, Schwartz said.

The firm's major wins for clients in 2025 included a dismissal of "virtually all" claims brought by consumers against Delta Airlines over the 2024 CrowdStrike computer outage that caused 7,000 flights to be canceled. Boies Schiller also represented the airline in its lawsuit against CrowdStrike over the outage; the parties remain in litigation.

Boies Schiller also gained class certification in a lawsuit against Mercedes-Benz over defective airbags, dismissed antitrust claims brought against NextEra Energy by a competitor, and won post-trial motions to protect [\\$800 million](#) in damages owed to private investors by Fannie Mae and Freddie Mac.

At the U.S. Supreme Court, Boies Schiller vacated a Ninth Circuit appellate court ruling that had determined that the Spanish government wasn't required to return a valuable painting stolen by the Nazis in 1939.

In addition to increased demand, the firm's finances were bolstered by an hourly rate increase of 8% to 10%. The rate hike is in line with firms of similar profitability: 35.6% of responding Am Law 100 firms said they had [raised rates](#) by 10% or more in 2025, per Law.com data.

"I think Boies Schiller lawyers are amongst the best lawyers in the world, and we consider all of the greatest firms to be our peers, so we like to benchmark ourselves that way," Schwartz said. "We have been very cautious out of sensitivity to our clients about increasing rates overly aggressively."

The proportion of the work Boies Schiller has taken on a contingency basis has decreased slightly in the past couple years, Schwartz said, although contingency fee cases remain a key part of the firm's business plan.

In one such case, founding partner David Boies worked with attorneys from Susman Godfrey and Morgan & Morgan to secure a \$425.7 million verdict in a [data privacy class action](#) against Google in September. That fee award has yet to pay out, Schwartz said.

Lawyer head count increased by 20.3% in 2025 on a full-time equivalent basis, a gain that followed the firm's 19% head count growth in 2024. The firm topped out at 320 lawyers in 2017 and 2018 before falling to a low point of 150 lawyers in 2022 due to internal disputes regarding compensation, succession planning and controversial clients.

The head count rebound has been intentional and will continue, Schwartz said. "The demand is there in our practice and so long as we can find the caliber of lawyers that we require to do the kind of work that we do at Boies Schiller ... I think our goal is probably to have a comparable level of growth over the next few years before we reach something approaching steady," he said.

The firm suffered minimal lateral partner attrition in 2025, with only two of seven partners who departed the firm going to rival firms, according to Law.com Compass data.

Meanwhile, the firm brought in at least 10 partners during the fiscal year, hiring talent from a variety of sources including Disney, the Southern District of New York, a San Francisco boutique and rivals including Herrick Feinstein and Kobre & Kim. In a group move, three [Spencer Fane](#) patent litigators joined the firm's Washington, D.C., office as partners in June.

Boies Schiller is also making significant changes to its footprint. The firm consolidated its Hollywood, Florida, and Fort Lauderdale offices into an expanded space in the latter city and extended its lease in Miami, with plans to renovate that space.

In Los Angeles, the firm is moving into a larger space in the coming months. Also on the docket is a move to White Plains, New York, from the firm's previous Westchester County location in Armonk. "It's right around the corner from the federal courthouse," Schwartz said, "right across from the train station, to make it much more commutable."

And in London, the firm moved into a new office space last summer, taking the top three floors of a brand new office building across from London's Commercial Court.

Budgeting for the remainder of 2026, Schwartz said paying client work is trending up, and Boies Schiller may also see significant contingency recoveries payout during the year as well.

"We're cautiously optimistic we'll have material contingency recoveries in 2026 in addition to a broader base of paying client work, based on our current trajectory," Schwartz said.

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Exxon Misrepresentations Caused Stock Drop, Jury Hears

By **Spencer Brewer**

Law360 (April 28, 2026, 9:54 PM EDT) -- Investors told a Texas jury that Exxon Mobil Corp. inflated the value of its stock by misrepresenting how much money its Kearl Lake operations were making, saying Tuesday that the oil giant hid the truth to snag a better interest rate in a bond offering.

The opening statements marked the beginning in earnest of a roughly three-week trial in a case **launched by investors in 2016**. The jury, seated Monday, heard from counsel for lead plaintiff Eastern Atlantic States Carpenters Pension Fund that Exxon knew certain operations, including those in Kearl Lake in Canada and its Rocky Mountain Dry Gas assets, weren't as profitable as the company advertised and that the company breached securities law by **delaying the release of that information to investors**.

Everyone who bought Exxon stock **during the class period**, between Feb. 24, 2016, and Oct. 28, 2016, overpaid by about \$3 per share, said an attorney for the lead plaintiff, Scott H. Saham of Robbins Geller Rudman & Dowd LLP. The case, he said, is about returning that money to the people who overpaid as a result of Exxon's misrepresentations.

In its Kearl Lake operations, Exxon mined for a highly viscous form of petroleum called bitumen, he said.

The company "is good at putting a straw in the ground and sucking up oil," but Exxon and its competitors have already sucked up much of the easy oil, so it had to turn to more difficult operations like Kearl Lake, Saham told the jury. The company has to refine bitumen before it can sell it.

Refining the bitumen cost more than the company disclosed to investors, Saham said, and that misrepresentation cost the investors substantially.

"This case is about the bosses hiding the losses," he said.

In the lead-up to Exxon finally disclosing the operations' true financial status, Saham said, the company had sought to complete a \$12 billion bond offering and wished to keep its AAA credit rating intact to secure a lower interest rate. In the run-up to the class period, as energy prices slumped globally, Exxon's oil and gas competitors wrote down their assets, he said, but Exxon refused to do the same.

An attorney for Exxon, Thomas M. Melsheimer of King & Spalding LLP, told the jury the investors would not show a single email, document or other communication from anyone involved in the decisions at the heart of the suit that suggested that the company planned to fudge the numbers or lie to investors.

"Exxon didn't hide anything," he said, adding that the company's former executives, who are also defendants in the suit, **stand by every word** in the financial statements they made.

The investors are represented by Darren J. Robbins, Michael J. Dowd, Spencer A. Burkholz, Scott H. Saham, Sam S. Sheldon, Jonah H. Goldstein, Nathan R. Lindell, Sara B. Polychron, Erika L. Oliver and T. Alex B. Folkerth of Robbins Geller Rudman & Dowd LLP, Joe Kendall of Kendall Law Group PLLC, and Balon B. Bradley of Balon B. Bradley Law Firm.

Exxon is represented by Theodore V. Wells Jr., Daniel J. Toal, Audra J. Soloway, Paul D. Brachman and Lyuba Shamilova of Paul Weiss Rifkind Wharton & Garrison LLP, Nina Cortell, Jason Bloom and Jason Neil Jordan of Haynes Boone, Thomas M. Melsheimer of King & Spalding LLP, and Scott C. Thomas of Latham & Watkins LLP.

Rex W. Tillerson is represented by D. Patrick Long of Squire Patton Boggs LLP.

The case is Ramirez v. Exxon Mobil Corp. et al., case number 3:16-cv-03111, in the U.S. District Court for the Northern District of Texas.

--Additional reporting by Kat Greene, Katryna Perera and Elliot Weld. Editing by Nick Siwek.

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Jury Clears Armistice Capital, Execs Of Securities Fraud

By **Bonnie Eslinger**

Law360 (April 28, 2026, 1:42 PM EDT) -- A California federal jury on Tuesday cleared Armistice Capital and two of its executives on class action claims it pumped and dumped \$250 million in Vaxart stock during the COVID-19 pandemic and violated federal securities law with insider trading.

The jury deliberated for less than four hours over two days before reaching its verdict in the class action brought by Vaxart Inc. investors alleging improper insider trading and stock manipulation in shares of the vaccine biotech company, which began efforts to develop a COVID-19 vaccine in 2020.

The investors claimed hedge fund Armistice Capital LLC, Armistice Capital Master Fund Ltd., Armistice founder Steven Boyd and Dr. Keith Maher, Armistice's managing director, manipulated the market through false and misleading Vaxart press releases so they could sell Armistice's shares of the company at artificially inflated prices. The plaintiffs also claimed Boyd and Armistice had material nonpublic information about Vaxart when they sold their shares.

The defendants denied the allegations and the case went to **trial** on April 14.

A lawyer for the investors, Steve Berman of Hagens Berman Sobol Shapiro LLP, told Law360 on Tuesday that they respect the jury but "we're obviously disappointed" in the verdict.

Jimmy McBirney of Scott + Scott Attorneys at Law LLP, another lawyer for the investors, also told Law360 that the plaintiffs respect the jury's decision, "despite our continued belief that the defendants engaged in insider trading and should have been held accountable."

"We are proud of the case we presented and hope that this case will serve as a warning to corporate bad actors in spite of the disappointing outcome," McBirney said.

Counsel for the Armistice defendants, Charles Connolly of Akin Gump Strauss Hauer & Feld LLP, said: "Armistice, Steven Boyd and Dr. Keith Maher have been fighting to clear their names in this litigation for almost six years. Today's verdict proves that Armistice acted properly in its investment in Vaxart. We are grateful to the jury for its thoughtful consideration of the evidence and for seeing that justice was done."

During **closing arguments** on Monday, McBirney told jurors the case "is about greed, plain and simple" and "the defendants' scheme to exploit the global pandemic to the tune of a quarter of a billion dollars."

Connolly countered that his clients didn't have any involvement in the Vaxart press releases, which, in any event, were true and accurate. Connolly underscored that Vaxart's founder and chief scientific officer, Sean Tucker, had testified to the accuracy of the two press releases at issue.

Armistice owned 65.2% of Vaxart shares by October 2019, purchased at prices between 33 cents and 37 cents a share, according to trial evidence.

Vaxart announced on June 25, 2020, that it had entered into a "memorandum of understanding" with biomedical manufacturer Attwill Medical Solutions, "enabling production of a billion or more tablet COVID-19 vaccine doses per year." Vaxart common stock closed at \$6.26 that day, a 96% gain against the prior day's closing price, according to the investors.

The next day, Vaxart announced the company's COVID-19 vaccine had been selected for the federal government's Operation Warp Speed program, which aimed to provide "substantial quantities of safe, effective vaccine for Americans by January 2021." Vaxart's stock price that day climbed to an intraday high of \$14.30 and closed at \$8.04. On June 26 and June 29, 2020, Armistice sold almost all of its shares, according to evidence presented at trial.

The Vaxart announcement was misleading because the company was not a finalist for federal funding, but had been asked to test its COVID-19 vaccine candidate on nonhuman primates, McBirney said Monday.

Investors thought Vaxart was receiving "a huge infusion of government cash to develop a vaccine," like pharma giants Pfizer Inc., AstraZeneca PLC, Johnson & Johnson and Moderna Inc., McBirney said.

"They didn't understand it as a monkey study," he added.

Enabling the scheme, the lawyer for the investors said, was Vaxart's board and its CEO, Andrei Floroiu, who previously worked at Armistice. The majority of board members included Boyd and people Armistice recommended, McBirney underscored.

Armistice counsel Connolly said Monday the investors were trying to prove their case by cherry-picking headlines and words in the press releases and that a "reasonable investor does not just read the headlines."

The press releases were accurate and true and there's no evidence that Armistice, Boyd or Maher knew anything about the information in the press releases until after they were issued, Connolly said.

Further, if the jurors still think the press releases are misleading, that's the fault of Vaxart, not the Armistice defendants, the lawyer said.

The original complaint also named Vaxart and its current and former executives as defendants, but they settled in 2022 for \$12 million.

On Monday, U.S. District Judge Vince Chhabria only told jurors that Vaxart and its officers and directors are not parties to the case.

"This fact should have no bearing or influence on your verdict," the judge said.

The investors are represented by Steve W. Berman, Reed R. Kathrein, Lucas E. Gilmore and Raffi Melanson of Hagens Berman Sobol Shapiro LLP, and William C. Fredericks, John T. Jasnoch, Jimmy S. McBirney, Jessica M. Casey, Mandeep S. Minhas and Jeffrey P. Jacobson of Scott + Scott Attorneys at Law LLP.

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

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

--Additional reporting by Katryna Perera, Lauren Berg and Dorothy Atkins. Editing by Robert Rudinger.

Update: This article has been updated with comments from counsel.



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Walgreens Can't Use Recording To Undo Investor Claim In Ill.

By Celeste Bott

Law360 (April 28, 2026, 5:22 PM EDT) -- An Illinois federal judge has said she won't toss a claim brought by shareholders alleging a former Walgreens president made a false and misleading statement during an investor conference, rejecting the company's argument that an audio recording of that conference warranted a second look at her dismissal ruling.

In a **decision** entered Monday, U.S. District Judge Mary Rowland didn't agree the audio was "newly discovered evidence" that would make her reconsider her January decision to allow claims over three challenged statements to move forward, in a lawsuit accusing Walgreens of inflating share prices by concealing the lack of viability of its pharmacy division and primary care investment.

Walgreens **had argued** that a recording of the September 2023 investor conference — where John Driscoll, the former president of Walgreens' U.S. healthcare business, made one of those statements that the shareholders allege were false — showed "beyond a doubt" that the investors were "plainly wrong" in their allegations about the content of Driscoll's remark.

Despite the company's contention that it didn't have "sufficient indication" that issues implicated by the recording would be relevant when it moved for dismissal, Walgreens, as well as the company executives also named as defendants, moved to have the case tossed based on Driscoll's statement, Judge Rowland said Monday.

"The substance of the alleged misstatements was the principal subject of defendants' motion to dismiss," she wrote. "Further, defendants do not dispute that audio recordings of the Driscoll statement were available during the time they briefed their motion to dismiss. While the court is sympathetic to defendants' plight — plaintiffs' complaint alleged 80 total misstatements, after all — defendants were undoubtedly on notice of the importance of the Driscoll statement."

Seventh Circuit case law also makes clear that if a party is aware a particular issue will be relevant to the case but fails to produce readily available evidence on the subject, they can't then pursue that evidence in a reconsideration motion, Judge Rowland noted.

"Perhaps even more importantly, it is not clear that the court could have considered the audio recording in deciding on defendants' motion to dismiss even if defendants had timely surfaced it," the judge added. "Generally, in ruling a motion to dismiss, the court is limited to considering facts alleged in the complaint. Defendants' briefing does not address whether or how the court could have construed an audio recording that purports to contradict or shed additional light on plaintiff's allegations."

The suit, first filed in July 2024 and later consolidated with a similar case, alleges Walgreens and its executives presented falsely optimistic projections of the pharmacy division's growth potential and cost execution before revealing in an earnings call that the segment was not truly equipped to handle the ongoing challenges in its industry.

Walgreens Boots Alliance paid \$5.2 billion to acquire a majority stake in Chicago-based primary care provider VillageMD in 2021, with the goal of opening at least 1,000 primary care practices branded as Village Medical at Walgreens in more than 30 states by 2027.

Of the 80 statements from Walgreens and its leadership on the subject that investors called false and

misleading, the proposed class had failed to adequately back 77 of them to meet the "exacting standard" of the Private Securities Litigation Reform Act, Judge Rowland concluded in her dismissal ruling.

The shareholders are represented by Peter S. Lubin and Patrick D. Austermuehle of DiTommaso Lubin PC, Terrence Buehler of the Law Office of Terrence Buehler, and Adam M. Apton, Gregory Potrepka and Shannon Hopkins of Levi & Korsinsky LLP.

Walgreens is represented by Brian M. Lutz, Colin B. Davis and Jessica Valenzuela of Gibson Dunn & Crutcher LLP and Molly K. McGinley and Paula Enid Litt of Honigman LLP.

The case is In re: Walgreens Boots Alliance Securities Litigation, case number 1:24-cv-05907, in the U.S. District Court for the Northern District of Illinois.

--Editing by Covey Son.

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Purdue Pharma's \$5.5B Plea Deal Clinched As Survivors Protest

By **Carla Baranauckas**

Law360 (April 28, 2026, 6:41 PM EDT) -- OxyContin maker Purdue Pharma LP has to pay a \$3.5 billion fine and forfeit an additional \$2 billion, more than five years after it pled guilty to criminal charges related to its role in the opioid crisis, a New Jersey federal judge said Tuesday.



The sentence against Purdue Pharma LP handed down Tuesday reflects both the company's criminal conduct and its financial condition following its 2019 bankruptcy filing, prosecutors say. (Sipa via AP Images/Kristoffer Tripplaar)

U.S. District Judge Madeline Cox Arleo accepted the 2020 plea deal, clearing the way for billions in opioid crisis abatement funds to begin flowing under Purdue Pharma's Chapter 11 bankruptcy plan.

"The lives of your loved ones and all persons who have suffered and died because of Purdue Pharma's criminal actions are priceless," Judge Arleo said Tuesday after listening to hours of victim impact statements, including from survivors who decried the deal. "But the court accepts and won't oppose the plea because under the structures of the law, as it currently stands in the circumstance of this case, it is the best choice that I have."

Purdue pled guilty to three federal counts: conspiring to defraud the United States; to violate the Food, Drug and Cosmetic Act; and to violate anti-kickback laws in connection with payments to healthcare providers and an electronic health records company.

Prosecutors told the court the sentence reflects both Purdue's criminal conduct and the company's financial condition following its **2019 bankruptcy filing**, emphasizing that the deal has been structured to maximize compensation for victims and fund opioid abatement efforts.

"Acceptance of the plea agreement and imposition of the defense will allow remedial measures outlined in the Purdue bankruptcy plan to proceed, including the relief of billions of dollars in payments to states, localities and tribal government entities to abate the opioid crisis and payments to personal injury claimants," assistant U.S. Attorney R. David Walk Jr. said.

Purdue Pharma's \$2 billion forfeiture will be reduced by up to \$1.775 billion if Purdue stops operating in its current form and emerges from bankruptcy as a public-benefit company because that value will instead be delivered to state, local and tribal governments through the bankruptcy process, the U.S. Department of Justice said in a news release Tuesday.

The criminal plea agreement does not include restitution because determining individual payments in the criminal case would be too complex and would delay compensation efforts already underway through bankruptcy proceedings, prosecutors said. Some individuals may be compensated in the bankruptcy case, which has a pool of \$865 million for victims.

Dozens of tearful individuals made victim impact statements during Tuesday's hearing, sharing horrific details of opioid addiction and urging Judge Arleo to reject the plea agreement. More than 200 written victim impact statements were submitted to the court before the sentencing hearing.

The hearing, which had been scheduled to be held remotely on April 21, **was delayed** for a week to allow some of the victims to deliver their impact statements in person.

The sentencing comes after years of litigation in bankruptcy court, where Purdue has sought to resolve thousands of opioid-related claims through a Chapter 11 plan.

Counsel for Purdue told the court Tuesday the company's reorganization plan, **approved in November**, will distribute up to \$7.4 billion to creditors. About \$1 billion will go to funding for addiction treatment, prevention programs and compensation for individuals harmed by opioids.

"The total amount distributed under the plan is expected to be \$8.4 billion, hopefully more," bankruptcy counsel Eli J. Vonnegut of Davis Polk & Wardwell LLP said.

The plan calls for Purdue to be dissolved and replaced by a new nonprofit entity, Knoa Pharma, which will operate the company's business assets and direct proceeds toward public health initiatives.

"The Sacklers will have absolutely no involvement of any kind in the management of Knoa Pharma, and no financial interest in Knoa whatsoever," Vonnegut said of the family that owned Purdue Pharma.

He also said he expected the Chapter 11 plan would be consummated by Friday and that individual disbursements to creditors would begin then.

Judge Arleo pressed counsel on how funds will be distributed, such as the portion allocated to individual victims compared to governments and other entities, and questioned aspects of the plan, including payments to healthcare providers.

"Purdue worked closely with our creditors, from state attorneys general to individual personal injury claimants, and in many instances, those creditors led the process vastly more than the company did," Vonnegut said.

Purdue filed for bankruptcy in September 2019 amid mounting litigation over its role in marketing opioid medications. The company reached a **plea agreement** with the U.S. Department of Justice in October 2020, admitting to criminal conduct and agreeing to financial penalties as part of a broader resolution of federal investigations.

Since then, the case has been intertwined with Purdue's bankruptcy proceedings, including a prior plan that was challenged and ultimately remanded by the U.S. Supreme Court, leading to renewed negotiations and the current restructuring framework.

The company's plan, approved by the U.S. Bankruptcy Court for the Southern District of New York, is backed by a majority of creditors. It aims to channel billions of dollars toward opioid abatement and victim compensation while winding down Purdue's operations.

The government is represented by R. David Walk Jr. of the U.S. Attorney's Office for the District of New Jersey.

Purdue Pharma LP is represented by Eli J. Vonnegut of Davis Polk & Wardwell LLP.

The criminal case is U.S. v. Purdue Pharma LP, case number 2:20-cr-01028, in the U.S. District Court for the District of New Jersey.

The bankruptcy is In re: Purdue Pharma LP, case number 7:19-bk-23649, in the U.S. Bankruptcy Court for the Southern District of New York.

--Additional reporting by Clara Geoghegan, Vince Sullivan and Jeff Overley. Editing by Lakshna Mehta.

Update: This article has been updated with additional details.

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