

Securities

FirstEnergy Investors Win Class Status Despite Appellate Setback

April 30, 2026, 1:56 PM PDT

Eight months after a federal appeals court snatched class status away from FirstEnergy Corp. investors who sued over a bribery scandal, a district court judge on Thursday bestowed that status again.

Judge Algenon L. Marbley said that in his first class certification order in the US District Court for the Southern District of Ohio, two alternate legal standards supported a presumption that all the investors relied on alleged company misstatements and omissions. Even though the US Court of Appeals for the Sixth Circuit removed one of those bases—a more lenient standard for presuming reliance on a public company's omissions—the other remained, Marbley said.

Legal observers saw the Sixth Circuit ruling, when it came down in August 2025, as a significant one that chipped away at plaintiffs' arguably increasing use of the standard for omissions developed by the US Supreme Court in 1972's *Affiliated Ute Citizens of Utah v. United States*. But Marbley said it had little impact on the case because he'd used the alternate standard under *Basic Inc. v. Levinson*, for false public statements, as well.

The Sixth Circuit required, however, that Marbley re-assess the investors' damages methodology to determine whether the damages they seek on their Securities Exchange Act claims "can be measured across the class," he said. That was necessary because he'd previously conflated Exchange Act and Securities Act damages, he said.

The investors passed that test, using expert testimony from an economist, Marbley said.

The securities case, filed in 2020, stems from conduct FirstEnergy undertook to affect state actions that ultimately helped its bottom line and what it did or didn't disclose to investors about them. This included a \$60 million bribery scheme involving former Ohio House Speaker Larry Householder (R) to ram through a \$1.3 billion bill that bailed out two nuclear power plants the utility owned at the time. The company also admitted that executives paid the state's top utility regulator a \$4.3 million bribe.

Class certification covers all people who acquired FirstEnergy securities between February 2017 and July 2020.

Jurors in a criminal trial in Ohio that ended March 31 said they couldn't decide whether to convict or acquit the utility's former CEO Charles Jones and ex-executive Michael Dowling, who are also named as defendants in the class action.

Robbins Geller Rudman & Dowd LLP is lead counsel for the investors. Counsel for FirstEnergy and some individual defendants includes Jones Day and Sullivan & Cromwell LLP. Counsel for Jones includes Baker & Hostetler LLP. Winston & Strawn LLP and Tucker Ellis LLP represent Dowling.

The case is Owens v. FirstEnergy Corp. , S.D. Ohio, No. 2:20-cv-03785, 4/30/26 .

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Securities

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Generac Investors' Pandemic Sales Suit Booted for Final Time

May 1, 2026, 9:22 AM PDT

Generac Holdings Inc. investors can't proceed with a securities fraud suit over the generator maker's financial disclosures during the Covid-19 pandemic because the material didn't create a false picture, a federal court ruled.

The latest version of the investors' class complaint still failed to adequately allege misleading statements, fraudulent intent, and other challenged aspects of their case, Judge Brett H. Ludwig said Thursday for the US District Court for the Eastern District of Wisconsin. The investors won't get another chance to plead their claims, he said.

The decision, as framed by the judge, shows the high bar for securities plaintiffs trying to lay out a case based on omitted company information following the US Supreme Court's *Macquarie Infrastructure Corp. v. Moab Partners, LP* decision from 2024. "There is no affirmative duty to disclose *all* information that might affect a company's stock price," Ludwig said, citing *Macquarie* and a previous case. Rule 10b-5 merely "prohibits a defendant from telling 'half-truths' or making statements that omit critical qualifying information," he said.

The Generac investors fell short of showing such half-truths, Ludwig said. When "read in context, none of the challenged statements created a materially misleading picture" of Generac's residential backup-generator business during the course of the pandemic, he said.

The company also makes solar power systems, electrical controls, and tools.

The investors alleged Generac and two top executives hid three negative trends—declining sales closures for home standby generators as the pandemic went on, a defect in one of its solar energy products that caused overheating, and the risk of concentrating solar product sales through a single distributor that then went bankrupt.

Generac's stock price fell about 80% over the course of a year.

Ludwig dismissed the previous version of the complaint in February 2025.

The new allegations fail to save the suit, he said. "Overall, Defendants discussed HSB generator lead times, installation rates, and other challenges facing the HSB generator business," he said. "Their accurate statements of historical fact did not imply a state of affairs that was materially different from what actually existed."

The investors didn't make substantial changes to their other two theories, Ludwig said, dismissing the suit with finality.

Robbins Geller Rudman & Dowd LLP was lead counsel for the plaintiffs. Mayer Brown LLP represented Generac.

The case is City Pension Fund for Firefighters & Police Officers in Tampa Bay v. Generac Holdings Inc. , E.D. Wis., No. 2:22-cv-01436, 4/30/26 .

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Column: Robinhood fights plaintiff's exit from 'cash sweep' suit

2026 SECDBRF 2228 • By Nicole Banas

WESTLAW Securities Enforcement & Litigation Daily Briefing • May 01, 2026

(May 01, 2026) - A consolidated lawsuit over Robinhood's "cash sweep" program took an unusual turn when one of the two named plaintiffs moved to drop his claims against the online brokerage before the deadline for a motion for class certification.

In re Robinhood Cash Sweep Program Litigation, No. 24-cv-7442, *conditional opposition to motion for voluntary dismissal filed* (N.D. Cal. Apr. 28, 2026).

Robinhood Financial LLC and Robinhood Securities LLC filed a memo April 28, urging the U.S. District Court for the Northern District of California to require plaintiff Sean Deeney's deposition as a condition of dismissal.

According to the brokerage, Deeney is exiting the suit to avoid giving deposition testimony that would imperil the plaintiffs' anticipated motion for class certification.

The District Court in June 2025 consolidated Deeney's proposed class action with a suit filed by the other named plaintiff, Basudeb Dey. The two plaintiffs, who are represented by separate counsel, proposed a broad class of Robinhood customers who participated in the cash sweep program, excluding any time they participated in a paid subscription service that offered higher interest payments.

Robinhood is certainly not the first defendant to accuse a withdrawing plaintiff of tactical maneuvering, and district courts can deny a motion for voluntary dismissal that would cause legal prejudice to another party.

However, my research suggests that although there is some case law supporting Robinhood's request for a deposition as a condition for dismissal, it could be an uphill battle.

'Unreasonably low' interest rate

The dispute stems from a consolidated lawsuit alleging Robinhood unfairly used a cash sweep program to enrich itself at its customers' expense.

The program automatically transfers uninvested cash balances in customers' brokerage accounts into interest-bearing deposit accounts at participating banks, the complaint says.

Robinhood stated on its website that the banks paid rates above the Federal Reserve's benchmark interest rate, and it promised to "pass this higher interest rate on to you," the suit says.

Instead, the broker-dealer paid an "unreasonably low" rate of just 0.01% and retained almost all the returns that its customers' cash generated, according to the complaint.

Robinhood earned \$120 million in revenue from the program in 2023 alone, the suit says.

Discovery fight

The case proceeded to discovery after U.S. District Judge Rita Lin partially denied Robinhood's motion to dismiss in November 2025. Her ruling allowed claims for unfair competition and breach of the implied covenant of good faith and fair dealing to proceed.

The parties filed two joint letters in February addressing discovery disputes, one of which involved Robinhood's request for documents related to the plaintiffs' accounts at other brokerages and their monitoring of interest rates.

Robinhood, represented by attorneys at [Kirkland & Ellis LLP](#), argued that Deeney had switched cash sweep accounts to "chase" the interest rates offered by Robinhood and competing brokerages.

Deeney, unlike Dey, had participated in Robinhood's "gold" program, a monthly subscription service that at one point paid 4.65% interest on swept cash balances, the brokerage said.

Importantly, Deeney clicked a box acknowledging that Robinhood would lower the interest rate to 0.01% when he unsubscribed from the gold program in May 2024, the letter said.

U.S. Magistrate Judge Robert M. Illman denied Robinhood's request to compel discovery of the documents March 6.

'Not an outlier'

Deeney moved for voluntary dismissal of his claims April 14, about a month before the deadline for filing a motion for class certification. He said his "demanding school and work schedule" rendered him unable to continue the same level of commitment to the case.

Deeney also argued that dismissal of his claims would not cause legal prejudice to the defendants, given that they have access to his account statements and other communications. Attorneys at [Robbins Geller Rudman & Dowd LLP](#) and [Ademi LLP](#) represent Deeney.

Robinhood responded that dismissing Deeney's claims would "seriously prejudice" its defense against the motion for class certification.

The brokerage argued that Deeney seeks dismissal to avoid giving deposition testimony about his knowledge of the interest rate decrease.

"Crucially, Deeney is not an outlier. Many putative class members switched between non-gold and gold and knowingly accepted the .01% rate with ample warning," the conditional opposition memo said.

Robinhood urged the court to require Deeney to sit for a deposition, saying that numerous courts in the 9th Circuit have imposed that condition on plaintiffs seeking voluntary dismissal under [Federal Rule of Civil Procedure 41\(a\)\(2\)](#).

Questionable position

But there appear to be key differences in the procedural posture of the two cases Robinhood cited.

The plaintiff in [Dysthe v. Basic Research LLC](#), 273 F.R.D. 625 (C.D. Cal. 2011), moved for voluntary dismissal after a motion for class certification had been filed and after he received notice of deposition.

And in [Cortina v. Wal-Mart Stores Inc.](#), No. 13-cv-2054, 2016 WL 4556455 (S.D. Cal. Sept. 1, 2016), the court noted that the plaintiff had also received notice of deposition before filing her motion for voluntary dismissal.

In a footnote to its memo, Robinhood said the cases it cited did not depend on a formal notice of deposition preceding the motion for voluntary dismissal. Deeney acknowledged in his motion that depositions will begin later this spring, the memo said.

It's hard to say how much weight the District Court will give to the lack of formal notice, but Deeney might have an advantage based on the timing of his motion. Counsel for Deeney, Dey and Robinhood didn't respond to my request for comment.

The stage of litigation is also factor for courts determining whether legal prejudice will result from a voluntary dismissal under [Rule 41\(a\)\(2\)](#).

The court in *Plavin v. Group Health Inc.*, No. 17-cv-1462, 2022 WL 2310183 (M.D. Pa. June 27, 2022), for example, said that courts have conditioned the withdrawal of a "class representative" on deposition in "many instances." Deeney, however, was never appointed as a lead plaintiff or a class representative.

Robinhood might have a point that Deeney's withdrawal is suspicious, given his extensive involvement in the case for the past year. According to the brokerage, Deeney was already working full-time and enrolled in a doctoral program when he filed suit in May 2025, so it's "difficult to understand" why he cannot sit for a one-day deposition.

That argument could carry weight, given the time and resources that Robinhood has presumably spent preparing for a class certification fight.

But the timing of Deeney's motion and the early stage of the case suggest that he has a solid chance of exiting the suit without a deposition.

By Nicole Banas

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Article: Judge: Robinhood must face claims it kept 'cash sweep' interest [2025 SECDBRF 4194](#)

Date: November 12, 2025

A proposed class action alleging Robinhood Financial LLC unfairly kept nearly all the interest earned from a program that sweeps customer cash into bank accounts can move forward, a federal judge has ruled.

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[Mark Holscher](#), [David I. Horowitz](#) and [Jake A. Feiler](#); [Kirkland & Ellis LLP](#) for Defendants

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Estée Lauder to Settle Class Action Over Gray-Market China Sales

May 1, 2026, 8:33 AM PDT

Estée Lauder Cos. reached a deal to end a securities class action over its gray-market sales in China, recording an \$84 million loss contingency related to the settlement, the company said Friday.

The parties reached the agreement to settle the consolidated class action on April 2, according to a press release announcing third quarter results .

Judge Arun Subramanian of the US District Court for the Southern District of New York last year rejected Estée Lauder's bid to dismiss the case, finding that investors successfully pleaded several "misleading omissions," as well as forward-looking statements and opinions that were "mired in half-truths."

Investors first sued the cosmetics giant in 2023, alleging the company concealed its reliance on gray-market sales during the Covid-19 pandemic, causing its sales and stock price to plummet after China began to crack down on the illicit activity. Parallel cases were consolidated in the Southern District of New York in February 2024.

The proposed class action alleged that the company, ex-CEO Fabrizio Freda, and former chief financial officer Tracey Travis concealed elevated inventory levels that resulted from government crackdowns on resellers, which forced the company to discount its products in an attempt to reduce inventory and ultimately manifested as lower revenue and profit margins.

The company's stock price fell 19% on Nov. 1, 2023, the same day that Estée Lauder lowered its financial outlook, citing a slower pace of recovery in sales and profit margins and announcing an accelerated restructuring plan.

Lead counsel Labaton Keller Sucharow LLP and liaison counsel Vanoverbeke Michaud & Timmony PC represent the retirement plans and proposed class of investor plaintiffs and didn't respond to requests for comment.

Gibson, Dunn & Crutcher LLP represents the defendants. A company spokesperson declined to comment.

The case is In re The Estée Lauder Co. Inc. Secs. Litig. , S.D.N.Y., No. 1:23-cv-10669 .

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Litigation

Manage Newsletters

Graduates Look to Skip Big Law, Go Straight to Plaintiffs' Firms

May 1, 2026, 2:30 AM PDT

Summary by Bloomberg AI

AI Generated



- Abbey Carbajal is helping build a pipeline for law graduates to land jobs with plaintiffs' firms, rather than traditional Big Law firms.
- The National Plaintiffs' Law Association has grown to over 60 chapters in the past three years and is hosting a nationwide job fair to pair students with plaintiffs' firms.
- Some top plaintiffs' lawyers and law schools' career services offices are working together to educate students about career options at plaintiff-side firms and provide opportunities for students to gain experience in this area.

Abbey Carbajal is the kind of candidate Big Law firms trip over themselves to hire.

The Brown University alum is set to graduate from Columbia Law later this month. Then she's off to a pair of prestigious clerkships, first in the Southern District of New York and then in the US Court of Appeals for the First Circuit.

That resume makes her a prime candidate for an associate job at a top firm, where salaries start at \$225,000 and armies of lawyers bill by the hour to defend major companies, banks, and asset managers. But Carbajal wants to work on the other side of the "v" and is helping build a pipeline for other graduates to land jobs with plaintiffs' firms.

"I want to be the ones fighting for justice, not the ones representing the largest and most powerful organizations in the world," Carbajal said. "And that seems to be something that's resonated with students across the country."

Carbajal, who launched Columbia's chapter of the student-run National Plaintiffs' Law Association, is part of a group of enterprising students who have been carving a path to plaintiffs' firms straight out of top law schools. Some see trial work as the best way to weather the incoming disruption caused by generative artificial intelligence, while others ditched Big Law amid President Donald Trump's attacks on law firms last year.

The effort is influencing the recruiting strategy at some top trial firms, from securities litigation shops to those focused on personal injury cases, which don't hire anywhere near the number of graduates as defense-side firms. Their success-based fee model makes it harder to recoup the investment in lawyers with few practical skills who don't generate revenue by hourly billing. But a group of top plaintiffs' lawyers who've partnered with the NPLA say many firms are now big enough to justify hiring new graduates.

"It's worth it," said Shanin Specter, a cofounder of the 60-plus lawyer Kline & Specter, based in Philadelphia. "But it has been a lot to swallow for a lot of plaintiffs' firms to bite the bullet and pay a couple hundred thousand dollars a year to a new lawyer."

Job Fair

The NPLA educates law students on their career options at plaintiff-side firms. The group has grown from chapters at 10 law schools to more than 60 in the past three years, including 13 of the "top 14" schools. Its nationwide job fair in June looks to pair more than 1,000 students with 60-plus plaintiffs' firms—up from 200 students and 40 firms in 2023, the organization's first year.

Local chapters have been around longer, but the national group was founded in 2023. Last year, it kicked into gear during the Trump administration attacks on Big Law firms, including circulating an amicus brief signed by more than 1,200 students protesting the actions. NPLA also helped about 10 students who accepted summer positions at firms that struck deals with Trump find other jobs.

"The course of some folks' lives changed as a result of that and their courage to leave offers at these fancy firms for the opportunity to work for a plaintiffs' firm," said Spencer Pahlke, a shareholder at the San Francisco-based plaintiffs' firm Walkup, Melodia, Kelly & Schoenberger.

Julia Gokhberg applied to Stanford Law School after seeing a PLA chapter listed on its website. She realized the group was defunct when she arrived on campus in 2020. Gokhberg said she felt duped when she later attended a mandatory career services meeting in which first-year students were told about their career options, but plaintiffs' firms were never mentioned.

"I was in this meeting sort of fuming," Gokhberg said. "It's not that I want everyone going into plaintiffs' law, but I was just mad they weren't presenting it as an option."



Julia Gokhberg

Gokhberg and two other students appointed themselves to the board of the Stanford PLA and got to work. They developed a list of plaintiffs' firms in the Bay Area, invited them to speak during lunches at the school, and then they hosted an event: "Debunking the Myth of the Ambulance Chaser." She started reaching out to plaintiffs' firms, asking to interview for summer positions.

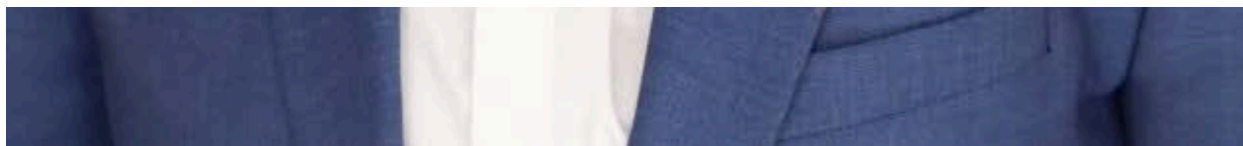
She connected with Pahlke through an email platform he created for students to sign up for discrete plaintiff-side work. The NPLA got its start when he brought Gokhberg and 13 other students to his offices to brainstorm how PLA chapters across the country could better work together.

Gokhberg now works at Reid, Collins & Tsai, one of the firms she cold-emailed asking for a summer position during law school. The firm, which represents plaintiffs in complex business disputes, now hires four or five summer associates each year and has been hiring more graduates straight out of law school.

"That's a byproduct of Julia opening our eyes to the possibility," said firm senior founding partner Bill Reid.

Jan Rotich, a second-year student at University of Pennsylvania Law School, has also worked for Reid. Rotich has already developed connections across the plaintiffs' bar: She's been mentored by Eric Gibbs at Gibbs Mura and worked for Michael Hausfeld, founder of one of the largest plaintiff-side firms, Hausfeld LLP.





Jan Rotich

"They don't want students who expect opportunities to be handed to them on a silver platter," Rotich said.

"You're getting paid based on the results you get. So plaintiffs' firms want students who are go-getters and hard workers."

Reid thinks the onset of AI at Big Law firms will lead to a crisis for law students. Plaintiff-side work may provide some shelter from the fallout. He advises students to get the type of experience AI can't replicate: Standing up and arguing in court.

"It's essential that they get on their feet and get experience," he said. "I'm very worried that this conveyor belt will break down because of AI."

Getting the Message

Some law schools' career services offices are getting the message and partnering with the groups.

Stanford has promoted its PLA chapter by advertising its events on the school's website and writing about its work in school publications. Georgetown Law School's career services team has seen its PLA chapter grow to 329 students from nine two years ago, said Jessie Strauser, Assistant Director, Office of Public Interest and Community Service.

"We are increasingly doing a better job getting plaintiffs' firms and public interest legal work in the private sector in front of students earlier on in their career," Strauser said.

Even with the growing interest, plaintiff-side firms are not going to temper Big Law's recruiting appetite, which has only grown in recent years. The country's largest law firms in 2024 hired more than 7,100 students for the first time, up from fewer than 5,000 graduates in 2019, according to the National Association for Law Placement.

There is no data on how many graduates were hired by plaintiffs' firms last year. Even the biggest firms might only hire one or two law graduates each year. And many of their summer associate positions are not designed to be pathways for long-term employment.

Some of the firms match Big Law's associate salary scale but most pay less than that. Still, plaintiffs' firms often provide bonuses to lawyers who work on successful cases. NPLA is launching a pay survey asking firms to provide data on their compensation practices.

Specter, the Philadelphia-based trial lawyer, has been helping students learn about his side of the bar on campuses from Penn to Stanford, where he teaches.

He tells students that going to Big Law is not risk-free. About 83% of associates leave their firms within five years of being hired, according to data from the National Association of Law Placement.

"Don't tell me you're going to a Big Law firm because you're risk averse," he said. "It is just the opposite. You must be risk preferential. The starting salary is not enough to go if you know in advance that you'll be gone within five years."

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Fed Roundup Judge Grills NJ MDL Lawyer, But Refuses to Step Into ‘Mind-Boggling’ \$7.25B Class Settlement

U.S. District Judge Vince Chhabria grilled Chris Seeger of Seeger Weiss in Ridgefield Park, New Jersey, class counsel in the Missouri settlement, over the way in which the deal was preliminarily approved.

April 30, 2026 at 07:29 PM By  **Amanda Bronstad**



Judge Vince Chhabria of the U.S. District Court for the Northern District of California.

What You Need to Know

- The hearing came four days after the U.S. Supreme Court heard arguments in *Durnell v. Monsanto*, a case that class counsel and Monsanto insist could resolve much of the Roundup litigation.
- U.S. District Judge Vince Chhabria grilled Chris Seeger, class counsel in the Missouri settlement, over what appeared to be a "private meeting" with the judge to get the deal's approval.

- The hearing featured several prominent law professors, including University of California, Berkeley, School of Law Dean Erwin Chemerinsky and Brian Fitzpatrick of Vanderbilt Law School, who defended the Missouri settlement.

A federal judge in California on Thursday excoriated a \$7.25 billion Roundup class action settlement in Missouri, calling the procedural approval of the deal “dirty,” but refused to intervene over matters he said were more appropriate for the Missouri Court of Appeals, or even the U.S. Supreme Court.

At a Thursday hearing, U.S. District Judge Vince Chhabria of the Northern District of California, who is overseeing the Roundup multidistrict litigation, sympathized with co-lead counsel’s criticisms of the Missouri settlement, which was filed on Feb. 17 ahead of the Supreme Court’s decision in *Durnell v. Monsanto*—a Roundup case that class counsel and Monsanto insist could resolve much of the litigation, which alleges the pesticide’s ingredient glyphosate causes non-Hodgkin lymphoma. The Supreme Court [heard oral arguments](#) in that case on Monday.

“I think that it is true that the settlement agreement puts a significant burden on people with claims in this MDL and with claims in other cases, other state court cases,” Chhabria told co-lead counsel Weitz & Luxenberg’s Robin Greenwald in New York and David Dickens of The Miller Firm in Orange, Virginia, and several law professors who filed amicus briefs supporting an injunction motion they filed this month. “This opt-out procedure is bizarre. I’ve never seen anything like it.”

And he grilled Chris Seeger of Seeger Weiss in Ridgefield Park, New Jersey, class counsel in the Missouri settlement, over the way in which the deal was preliminarily approved: through a prearranged “private meeting” with 22nd Judicial Circuit Judge Timothy Boyer in St. Louis, Missouri, on the same day it was filed.

“It was in open court,” Seeger replied.

“Was it transcribed?” the judge asked.

Seeger said he didn’t know.

“The door to the courtroom was unlocked?” Chhabria asked.

“It was in the courtroom,” Seeger responded.

Chhabria said, “You have a meeting with the judge on the day you filed it, a prearranged meeting with the judge on the day you filed it. You say it was in open court, but it was not transcribed and nobody was aware this was happening. And there’s no hearing at which anybody has an opportunity to discuss with the judge these concerns that all these people are raising now, and the judge preliminary approves the settlement that all of a sudden imposes significant obligations on

people all over the country, including people who don't have NHL or maybe not heard of Roundup, and he did that without giving the other side the opportunity to be heard?"

"I'm not pushing back on any suggestion by you about how this was done," Seeger replied.

"In other words, it was filthy," Chhabria said.

Seeger pointed out that Boyer has scheduled a July 9 final approval hearing at which objectors can argue against the settlement.

But despite his criticisms, Chhabria hesitated to intervene in a state court case not before him.

"The upshot is that whatever problems there are with this settlement agreement, and there are many, that is for the appellate courts in Missouri to address and possibly the United States Supreme Court to address, but it's not ... for me to address," he said. "Nobody needs to convince me there are major problems with this settlement agreement. What you need to convince me is this settlement interferes with my jurisdiction over my MDL matters, and I don't think it does."

Co-lead counsel [filed the injunction motion](#) after Seeger and another class counsel, Eric Holland, as well as Monsanto, disclosed that the [proposed class in the Missouri settlement](#), while excluding Roundup cases in the multidistrict litigation, would include federal lawsuits filed or transferred to the multidistrict litigation after the settlement date of Feb. 17. It also would include federal cases that were remanded before Feb. 17 to the courts where they were originally filed.

'This is Frankly Mind-Boggling'

In turning to Chhabria, the firms behind the injunction hope to air grievances about the Missouri settlement in front of a more receptive judge. Greenwald and more than a dozen other lawyers claiming to represent 20,000 Roundup plaintiffs [previously sought to intervene](#) in the Missouri settlement before Boyer granted preliminary approval on March 4.

Chhabria has rejected a Roundup class action settlement before. In 2021, he [rejected a previous Roundup class action settlement](#) that would have provided \$2 billion and medical monitoring of future claimants. He concluded that the deal favored Monsanto over the plaintiffs, particularly those who had yet to be diagnosed with non-Hodgkin lymphoma.

In their injunction motion, co-lead counsel insisted that the settlement included an overly broad nationwide class that encompassed Roundup plaintiffs with federal cases, then imposed onerous provisions to opt out of the deal by June 4.

At Thursday's hearing, Robert Quigley of Weitz & Luxenberg in Los Angeles clarified that Chhabria could issue a declaration of class member rights, not an injunction, which could help Roundup plaintiffs decide whether to opt out of the Missouri settlement.

But Chhabria insisted that would be interfering with state court proceedings.

“I’ve never seen anything like this. This is frankly mind-boggling, but that is not the question that’s before me,” Chhabria replied. “I don’t see how it would be appropriate for me to step in and put a stop to this simply because I believe that it would adversely affect other people’s rights in California or elsewhere. It’s not for random federal courts to do.”

The law professors, in their amicus briefs, raised civil procedure and constitutional concerns, such as binding class members who have been exposed to Roundup who might get non-Hodgkin lymphoma in the future. They included University of California, Berkeley, School of Law Dean Erwin Chemerinsky, David Freeman Engstrom of Stanford Law School, and Norman Silber of Hofstra University’s Maurice A. Deane School of Law.

“Those briefs mostly articulated arguments for how problematic it would be to bind people who have not yet gotten NHL to this settlement agreement that’s being pushed forward in Missouri,” Chhabria said. “And interesting as those arguments are, I don’t know if they are relevant to me.”

And, although he questioned whether a Missouri state court could bind such a nationwide class, the deal doesn’t interfere with his ability to administer the Roundup multidistrict litigation, he said. Should a class member sue in the future, he could address any potential future motion from Monsanto to bind them to the settlement at that time.



Christopher Seeger of Seeger Weiss.

It’s not the first time Chhabria hesitated to impose federal jurisdiction over a state court proceeding. In approving a common benefit fee order in 2021 to lead counsel in the Roundup multidistrict litigation, he [pushed back](#) on the idea that he had jurisdiction to impose an assessment on lawyers with Roundup cases in state courts.

On Thursday, Brian Fitzpatrick of Vanderbilt Law School, a class action expert who appeared at the hearing alongside Seeger, defended the Missouri settlement.

“This is not something that’s never happened before,” he told Chhabria. “This happens, we have a federal system, the federal judges and the state judges are substitutes, they’re substitutes, they’re equals. There’s no rank or superiority here. They have the ability to resolve claims just like federal judges do.”

Judge grants final approval of \$700 million Android app antitrust settlement

 [courthousenews.com/judge-grants-final-approval-of-700-million-android-app-antitrust-settlement](https://www.courthousenews.com/judge-grants-final-approval-of-700-million-android-app-antitrust-settlement)

Margaret Attridge

April 30, 2026

FILE - Audience members gather at Made By Google for new product announcements at Google on Aug. 13, 2024, in Mountain View, Calif. (AP Photo/Juliana Yamada, File)

SAN FRANCISCO (CN) — A federal judge Thursday granted final approval to a \$700 million settlement over Google's monopoly of the Android smartphone application market.

U.S. District Judge James Donato said he didn't see a reason for denying final approval of the settlement, but the Barack Obama appointee raised several issues with the \$85 million in attorneys' fees request by the consumers.

The [settlement](#) resolves claims brought by a class of consumers and a bipartisan coalition of attorneys general from all 50 states — along with the District of Columbia, Puerto Rico and the Virgin Islands — that Google violated state and federal monopoly laws.

Under the agreement, Google paid \$630 million in restitution — minus costs and fees — for people who made purchases on the Google Play Store between Aug. 16, 2016, and Sept. 30, 2023, and were harmed by the Silicon Valley giant's anticompetitive actions. The tech company additionally agreed to pay the states an additional \$70 million in costs, fees and penalties.

Since Google paid the \$700 million settlement in May 2024, the settlement and states' fund have grown to \$660 million and \$75 million, respectively, through investments, according to Karma Giulianelli of Bartlit Beck, an attorney for the consumer class.

Donato granted preliminary approval of the settlement on Nov. 20, 2025, and ordered that eligible consumers in the class be notified. Since then, more than 106 million eligible class members have received direct notice of the settlement, with less than 500 opting out and zero objecting, according to Jayme Weber, an attorney with the Arizona Attorney General's Office.

No claims are required for affected people to receive a payment. Automatic payments will occur through PayPal or Venmo, though people can instead request to use an alternative payment method such as Zelle or electronic transfer.

According to the states, each settlement consumer is eligible to receive at least \$2, and may receive a higher amount in proportion to their Google Play spending from August 2016 through September 2023.

David Sonnenreich from the Utah Attorney General's Office described the settlement as a "joint effort" between the consumer class and the states, saying they worked very closely together to reach a settlement with Google. The California Attorney General's Office celebrated the final approval as the "first step in getting money back into the pockets of consumers."

Counsel for the consumer class is asking the court for \$85 million to cover litigation costs, approximately 13.5% of the \$700 million common fund, plus nearly \$8.6 million in unreimbursed expenses and \$5,000 awards for each of the six individual consumer plaintiffs.

The states are not requesting fees out of the common fund.

Giulianelli told Donato that the \$85 million request is reasonable because their lawyers had invested close to 100,000 hours of time in the case over the three years, with the consumers taking on a large chunk of labor up until the settlement was reached a month before the case was set to go to trial.

She further said the states are offering no objection to the fee request, explaining that typically states are "very aggressive in fee requests of private counsel."

However, Donato could not get past the massive amount of hours the consumers' counsel are claiming in the case, telling Giulianelli that the "pyramids were built in less time" and "Atlas himself did not lift that number of hours in his life."

"You're telling me 33,000 hours over three years in a case that was decertified and did not reach trial, I'm sorry, that is just not reasonable," he said.

Giulianelli tried pushing back, explaining that the case required an "enormous amount of work," and that they were satisfied there was no unnecessary duplication in the number of hours billed.

However, the judge remained unmoved.

"Why couldn't you do that in 40,000 hours, or 50,000? Not 98,200. I can barely say it without gasping," he said.

Donato did not indicate how he would remedy the attorney's fee issue, telling Giulianelli he may appoint a special master to go through the bills and "trim away the water and inefficiency."

Giulianelli said after the hearing she was pleased the judge granted final approval of the settlement, but declined to comment further.

A representative for Google did not immediately respond to a request for comment.

In addition to the monetary funds, the settlement requires Google to implement certain changes to the Play Store to stop its anticompetitive behavior and open markets to competition.

Under the agreement, Google must allow all developers to let users pay through in-app systems other than Google Play Billing for at least five years. It also must let developers tell users about alternatives to Google's billing system, including contacting users via email and using in-app notifications.

Additionally, Google must allow the installation of third-party apps outside the Google Play Store on Android phones for at least seven years. It can't require developers to simultaneously launch app catalogs on the Play Store when they're launched on another app store.

Google must also make compliance reports for five years.

While the consumer class and states [settled](#) with Google in September 2023, two other major antitrust suits brought by Epic Games and Match Group [moved](#) towards trial that November.

On Oct. 31, 2023, the Match Group announced it had settled with Google and voluntarily dismissed its claims.

Epic proceeded to trial alone and ultimately declared victory when a jury [found](#) that the Google Play app store and its billing services are an illegal monopoly.

Following the verdict, Donato issued a permanent injunction requiring Google to open up its Google Play Store on Android devices to third-party app stores and distribute those third-party app stores through Google Play by a set date, in the United States.

Google [appealed](#) the jury's verdict and the court's subsequent order all the way to the Supreme Court, which [rejected](#) the tech giant's request to delay changes to Google's app store in October 2025.

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Judge signals smaller bellwether pool in Eaton Fire cases

DJ [dailyjournal.com/articles/391128-judge-signals-smaller-bellwether-pool-in-eaton-fire-cases](https://www.dailyjournal.com/articles/391128-judge-signals-smaller-bellwether-pool-in-eaton-fire-cases)

Los Angeles Judge Laura A. Seigle

A Los Angeles judge on Thursday signaled she will scale back the bellwether trial pool in the coordinated Eaton Fire cases involving more than 26,000 plaintiffs, adopting a phased approach, starting with about 75 households for immediate discovery amid disputes over whether the cases can be ready for trial next January.

The matter stems from the Jan. 7, 2025, Eaton Fire in Altadena and surrounding Los Angeles County areas, with individual homeowners, subrogation insurers and public entities suing Edison International and its Southern California subsidiary over alleged responsibility for widespread property damage and losses.

Edison, represented by company counsel and Hueston Hennigan LLP, has denied liability and vowed to fight the claims in court. Meanwhile, the utility has launched a voluntary wildfire settlement program aimed at resolving claims outside the court system.

Edison maintains the program does not admit liability or fault and is intended to help victims get back on their feet.

During a status conference Thursday, Superior Court Judge Laura A. Seigle described the bellwether structure as "the heart of the issue" at this stage, focusing on how to turn an initial pool of roughly 200 households into a manageable set of trial-ready cases while staying on schedule.

Seigle emphasized that she did not want a scenario in which the parties attempt to prepare all the cases at once, warning that doing so could result in a situation where "no one is ready for trial" and force delays.

Instead, she proposed a staged approach in which discovery would proceed first on a subset of cases over the next three months, with additional groups to follow into October.

Under this framework, about 75 households consisting of roughly 150 individuals would be selected from the existing pool and move forward immediately. Depending on how that first group progresses, the judge said the parties will

return after those three months to determine the size and timing of the next batch of cases.

"By the time we get to the final status conference, under the first 75, they should have discovery pretty much done," Seigle said, adding that while the next batch may not be finished, "it'll be pretty close."

The proposal followed extensive argument over whether the existing pool of about 200 households was too large to manage.

Edison's counsel, led by Hueston Hennigan partners Douglas J. Dixon and Brittani A. Jackson, argued that preparing that many cases for trial would require an impractical volume of discovery, including depositions of plaintiffs and third parties such as medical providers.

Jackson said the process would involve far more individual depositions, pointing to document follow-up, expert work and third-party discovery. She called plaintiffs' suggested timelines "not practical or workable," particularly given parallel liability discovery.

Plaintiffs' counsel - led at the hearing by Corey Luzaich de Ghetaldi & Riddle LLP partner Amanda L. Riddle and Singleton Schreiber partner Gerald Singleton - pushed back, accusing Edison of overstating the burden and using discovery concerns to slow the case.

"If we cannot work up 200 cases in nine months, 2% of the cases, then we clearly need another plan to resolve 15,000 households," Riddle told the judge.

Singleton said the utility and its outside counsel have ample resources to prepare the cases and warned that shrinking the pool too much would undermine efforts to drive broader resolution.

Seigle's resolution was essentially a middle ground between the two sides.

Seigle also addressed whether certain claims - particularly those involving business losses - should be excluded from the initial trial group. The judge indicated she was inclined to remove more complex business-related claims, saying they would require individualized valuation and risk turning early trials into "a whole other" set of proceedings.

Instead, she suggested focusing the first wave on more straightforward residential claims.

Beyond the bellwether dispute, the status conference touched on a range of case management issues, including pending discovery deadlines, coordination among cross-defendants and compliance by hundreds of plaintiffs who have yet to complete required filings.

Seigle said disputes over discovery should be resolved "expeditiously" and signaled she is prepared to issue orders to show cause for noncompliant parties.

She also emphasized the need to balance efficiency with fairness, noting that the scale of the litigation makes both trial preparation and settlement discussions inevitable.

"If defendant is planning to try all of those [claims], we will be trying the cases for decades. That's not reasonable," Seigle said.

"If the defendant is not planning to settle, then we definitely need to be moving expeditiously to get trials done. We can't have it both ways ... and say, 'we will not discuss settlement, and ... not be ready for trial anytime soon.' It doesn't match up."

Dixon, for Edison, said the bellwether process is intended to help value claims and inform potential resolution if liability is established, while emphasizing it should not be used to force a settlement.

The lead case in the coordinated proceeding is *Gursey v. Southern California Edison et al.*, 25STCV00731 (L.A. Super. Ct., filed Jan. 13, 2025).

#391128

Devon Belcher

Litigation

Manage Newsletters

Groups Lack Standing in PFAS-from-Plastics Case, DC Circuit Says

May 1, 2026, 10:08 AM PDT

Environmental groups lack standing to challenge the EPA's alleged failure to promptly regulate the PFAS-generating use of fluorine gas to strengthen plastics, a federal appeals court ruled on Friday.

Public Employees for Environmental Responsibility (PEER) and the Center for Environmental Health (CEH) asked the US Court of Appeals for the District of Columbia Circuit to overturn a district court's ruling. The lower court held the Environmental Protection Agency properly carried out its Toxic Substances Control Act (TSCA) obligations by launching a rulemaking to control the release of PFAS that occurs when certain plastics are strengthened by fluorine gas.

But TSCA requires the agency to have taken action more quickly, given the health problems PFAS can cause, the environmental groups maintained in their original lawsuit and appeal.

The DC Circuit affirmed the lower court's opinion, but for different reasons. The case PEER and CEH filed must be dismissed because they failed to prove associational standing, Judge Harry T. Edwards said in the opinion. "There is nothing in appellants' complaint or in the evidence presented to the District Court that supports PEER and CEH's claims of associational standing."

Judges Cornelia T.L. Pillard and Justin R. Walker were also on the panel.

The case is Public Emps. for Envtl. Responsibility v. EPA , D.C. Cir., No. 24-05294, opinion filed 5/1/26 .

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Securities

PNC Loses Traction Over 'Cash Sweep' Contract Breach Class Claim

April 30, 2026, 8:36 AM PDT

PNC Investments LLC lost ground in its bid to drop a proposed class action claim that the company breached its contract with customers by underpaying interest on uninvested cash held in their brokerage accounts.

PNC customers' theory that the company is liable for breach of contract because its "cash sweep" program favored the bank's interests over theirs should move forward, said the report and recommendation issued by Magistrate Judge Kezia O.L. Taylor, of the US District Court for the Western District of Pennsylvania.

The customers' claim that PNC breached its fiduciary duty also should proceed, Taylor said Wednesday. But their claims that PNC violated its implied covenant of good faith and fair dealing, and that the company unjustly enriched itself, should be scrapped, the magistrate said.

Merrill Lynch and J.P. Morgan Securities LLC also are facing class case claims over their so-called "cash sweep" programs. Merrill Lynch account holders gained class certification in their suit on Feb. 26.

Plaintiffs allege that while interest rates fluctuated, PNC paid "one of the lowest sets of interest rates on uninvested cash in the country, if not the lowest," Taylor wrote.

Named plaintiffs Joel Browne and Marlene Dehner argued their fiduciary duty claim is bolstered by the Investment Advisers Act and "the high degree of discretion and control" PNC had over their money because of the brokerage's role as investment advisers.

Browne and Dehner cast sufficient doubt over the "clarity" of PNC's disclosures concerning its cash sweep program to move the claim forward, because of their allegation that PNC's disclosures about the program were "vague" and failed to clearly inform them that "PNC will always keep nearly 100% of the earned interest or that it will pay low rates so that it can earn higher spread revenue."

The plaintiffs should proceed with allegations that PNC is liable for breach of contract also because it failed to base its sweep program interest rates on "prevailing economic and business conditions," Taylor said.

Yet PNC's motion to dismiss the breach of the covenant of good faith and fair dealing should be granted, with a chance for the plaintiffs to amend and refile their claim, in part because the customers failed to show that PNC acted with "dishonest purpose or conscious wrongdoing," the magistrate judge said.

And because there's "no dispute" among the parties that pertinent contracts exist, a claim for unjust enrichment should be permanently dismissed, she said.

Gibbs Mura LLP and Lynch Carpenter LLP represent Browne, named plaintiff Manuel Vallin and the proposed class. Adam A. Schwartzbaum PA and Kopelowitz Ostrow Ferguson Weiselberg Gilbert represent Dehner. Wilmer Cutler Pickering Hale and Dorr LLP and Buchanan Ingersoll & Rooney PC represent PNC.

The case is Vallin v. PNC Investments LLC , 2026 BL 155903, W.D. Pa., No. 2:24-cv-01295, report 4/29/26 .

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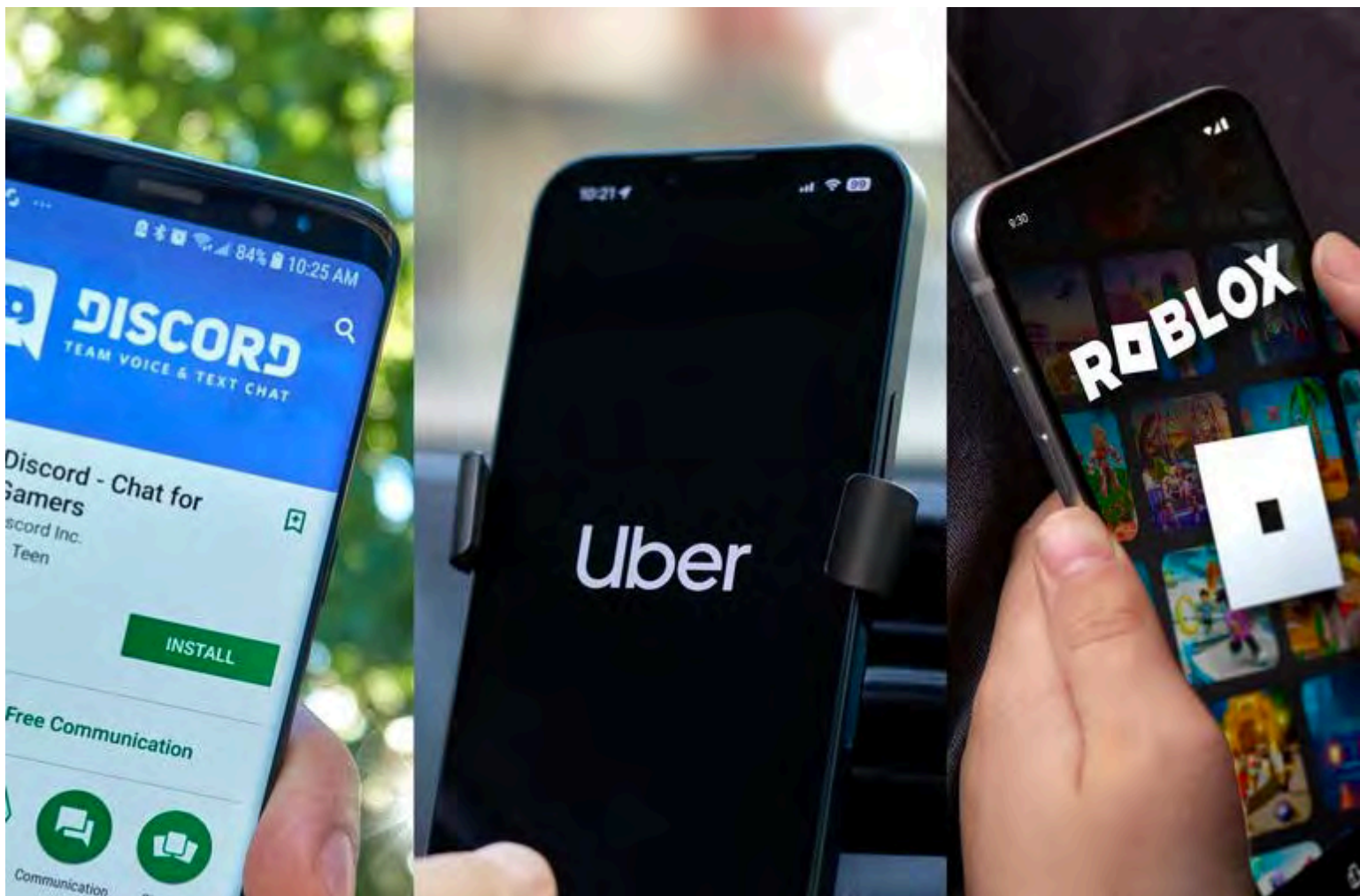
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New Lawsuit Against Roblox, Uber, Discord Alleges Platforms Enabled Kidnapping, Sexual Assault of Minor

Roblox Corp., Discord Inc. and Uber Technologies Inc. were hit with a novel lawsuit alleging that the companies neglected to act on warnings about a sexual predator who used their platforms to groom, kidnap and sexually assault a teenager.

May 01, 2026 at 07:47 AM By  **Kat Black**



Credit: Adobe Stock

Roblox Corp., Discord Inc. and Uber Technologies Inc. have been hit with a novel lawsuit last week alleging that the companies neglected to act on warnings about a "known predator" who used their platforms to groom, kidnap and sexually assault a teenager.

A plaintiff identified in the [complaint](#) as "Jane Doe" sued online gaming company Roblox, online messaging platform Discord and rideshare giant Uber on April 24 in the U.S. District Court for the Northern District of California. The suit is backed by Anapol Weiss in Philadelphia and Andrews & Higgins in Newport Beach, California. Counsel has not yet appeared for the Big Tech defendants.

According to the complaint, a man named Arnold Castillo, a "notorious" Roblox developer with the username "DoctorRofatnik," used the Roblox and Discord platforms to communicate with and groom the then-15-year-old plaintiff.

He subsequently kidnapped her, paid an Uber driver \$1,000 to transport her across state lines from her home of Indiana to New Jersey, imprisoned her in a locked room and repeatedly raped her, it said. As of 2023, Castillo is serving a [sentence](#) of 15 years in federal prison after pleading guilty to transportation of a minor with intent to engage in criminal sexual activity and coercion and enticement of a minor.

Though Roblox's and Discord's users had both "sounded the alarm" about Castillo's predatory behavior months before Doe was abducted, neither company banned Castillo from accessing their platforms, it said.

"Dozens of screenshots of his predatory and exploitative contact with minor girls were plastered all over the internet," it said, citing an investigative article published by [The Guardian](#) in 2022 detailing DoctorRofatnik's sexually explicit communications with minors on Roblox.

"Roblox's own community members even managed to identify DoctorRofatnik's real name and address, using sources publicly available on the internet," it said. "And yet, despite clear notice about the dangers that DoctorRofatnik posed to the Roblox and Discord communities, he was still able to access both platforms and continue preying on minors, including Plaintiff." The companies, it said, also failed to provide details about Castillo's accounts to the National Center for Missing and Exploited Children, which "delayed law enforcement's identification of Castillo."

Uber, it alleged, is also liable for failing to "supervise and train its drivers on the risks of off-app transportation of minors" and "report suspicious communications to law enforcement."

Anapol Weiss has steered much of the multidistrict litigation in California federal court that accuses Roblox, which allows users to develop, customize and play their own games, of enabling the sexual exploitation and grooming of minors on its platform. The cases against Roblox—some of which also list Discord and social media companies Meta Platforms Inc. and Snap Inc. as co-defendants—were [centralized](#) in the U.S. District Court for the Northern District of California last December and have been assigned to Chief Judge Richard Seeborg.

Anapol Weiss also represented plaintiffs at a recent [bellwether trial](#) in the sexual assault multidistrict litigation against rideshare giant Uber, which awarded \$5,000 in April to a woman who claimed her Uber driver had sexually assaulted her in North Carolina federal court in April.

Alexandra Walsh, shareholder at Anapol Weiss, who is representing Doe and plaintiffs in the multidistrict litigation against Roblox, said in an interview that this latest suit filed against Roblox

is "unique"—despite sharing commonalities with the MDL cases—for two reasons.

Firstly, she said, it alleges previous knowledge of the danger posed by the presence of Castillo on the Roblox platform.

"It is well-documented and publicly known that Roblox was aware of the danger of this man and did not do nearly enough to protect the kids on Roblox from him," she said. "The company had been alerted by other developers that he was engaging in highly inappropriate communications with girls on Roblox."

Secondly, she said, it alleges "recklessness" and "negligence" by multiple tech companies.

"There were a lot of abject failures by various companies ... where a lot of the communications took place, and ... these companies need to be held accountable for what happened to our client," she said. "The recklessness and wrongdoing of Roblox and Discord and Uber all came together in a perfect storm to facilitate this violent act."

"Discord is deeply committed to user safety, and we want our platform to be the best place for friends to connect before, during and after playing games," said a Discord spokesperson in an emailed comment.

"Discord [requires](#) all users to be at least 13 to use our platform, which is a place designed to emphasize real-time interaction and connection among users versus maximizing engagement by an algorithm. We use a combination of advanced technology and trained safety teams to proactively find and remove content that violates our policies. We maintain strong systems to prevent the spread of sexual exploitation and grooming on our platform and also work with other technology companies and safety organizations to improve online safety across the internet. In addition, the Discord [Family Center](#) empowers parents and guardians with the tools necessary to determine how their teen uses Discord while maintaining privacy."

Roblox and Uber did not immediately respond to requests for comment.

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Roblox shares tumble as forecast cut signals safety measures weighing on user growth

 [reuters.com/business/roblox-shares-plunge-forecast-cut-signals-safety-measures-weighing-user-growth-2026-05-01](https://www.reuters.com/business/roblox-shares-plunge-forecast-cut-signals-safety-measures-weighing-user-growth-2026-05-01)

Harshita Varghese

May 1, 2026

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

- Videogame platform warns of 'short-term friction' from product changes
- Analysts flag rising competition from peers
- Shares fall 19%

May 1 (Reuters) - Roblox ([RBLX.N](#)), [opens new tab](#) shares on Friday plunged to their lowest levels in 18 months after the company cut its annual bookings forecast, raising concerns that new safety measures could suppress user growth for several quarters.

The videogame platform warned of "continued short-term friction" from new product changes, including age-based accounts, age verification and expanded content monitoring, which have restricted communication and slowed user acquisition.

The company now expects full-year bookings of \$7.33 billion-\$7.6 billion, down from the \$8.28 billion-\$8.55 billion it forecast earlier.

Net bookings are generated from in-game purchases of Roblox's virtual currency "Robux".

"The magnitude of the guide cut suggests limited visibility, which makes it hard for us to gain confidence that the forecast is conservative," analysts at Jefferies said.

Roblox shares were down 19% at \$45.07 with the company set to lose more than \$7 billion from its market valuation of \$39.55 billion if losses hold. The stock has fallen about 32% this year after seeing a 40% gain last year.

Roblox rally fades after 2025 surge on hit games

Line Graph showing Roblox stock move.

The platform is coming off a strong 2025, powered by forecast upgrades and viral hits that drove surging engagement, with daily active users [topping](#) 100 million. The product changes come after multiple probes into Roblox over child safety and harmful content, including concerns around inappropriate interactions and exposure risks for younger users.

Roblox's reliance on user-generated content makes adding safeguards more complex and costly. Other gaming platforms, with older user bases, face less pressure to implement similar measures.

The company's management predicted on Thursday that its age-check technology will be adopted by others in "gaming, social media and AI chatbot spaces," signaling industry-wide changes.

Meta ([META.O](#)), [opens new tab](#) faces similar child-safety concerns that have triggered legal scrutiny and bans in several markets.

Analysts also flagged rising competition for Roblox from Fortnite and the [expected](#) November release of Take-Two Interactive's ([TTWO.O](#)), [opens new tab](#) "Grand Theft Auto VI" that could drive billions in revenue.

"Any success achieved ahead of TTWO's GTA VI may be erased after GTA VI release and therefore lead to further headwinds for bookings growth in '27," D.A. Davidson analyst Wyatt Swanson said.

Multiplayer "Fortnite" [returned](#) to Google's ([GOOGL.O](#)), [opens new tab](#) app store worldwide in March, ending a long-running dispute between Epic Games and the company.

(This story has been refilled to remove extraneous text in the third bullet)

Reporting by Harshita Mary Varghese in Bengaluru; Editing by Joyjeet Das

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OpenAI, Sam Altman Hit With Slate of Lawsuits Over Mass Shooting at Canadian School

"The cases ... represent not just a single family but an entire community stepping forward to hold OpenAI accountable for its role in the shooting," according to a statement issued on behalf of Edelson, which is representing the plaintiffs.

April 29, 2026 at 06:34 PM By **Michelle Morgante**



Jay Edelson, founder and CEO of Edelson. Courtesy photo

Families of victims of a mass school shooting in Canada filed a slate of lawsuits against OpenAI and CEO Sam Altman on Wednesday, alleging negligence and products liability claims related to the shooter's use of the AI-powered chatbot ChatGPT.

A total of seven lawsuits were filed in the U.S. District Court for the Northern District of California by attorneys Jay Edelson and Ali Moghaddas of Edelson in Chicago and Los Angeles. The firm said more than two dozen additional cases would be filed in the coming weeks in a statement issued on behalf of Edelson and shared with The Recorder.

One of the suits was filed by Cia Edmonds and her daughter, 12-year-old Maya Gebala, who was in the library of Tumbler Ridge Secondary School in Tumbler Ridge, British Columbia, when 18-year-old former student Jesse Van Rootselaar opened fire on the campus on Feb. 10.

Gebala was shot three times in the head, neck and cheek, suffering catastrophic brain injuries and permanent disabilities.

Other suits filed Wednesday were presented by families of those killed at the school: Shannda Aviugana-Durand, a teaching assistant; students Zoey Benoit, Abel Mwansa Jr., Ticaria Lampert and Kylie Smith, who were all age 12; and student Ezekiel Schofield, who was 13.

After killing those six and wounding 27 others, Van Rootselaar died of a self-inflicted gunshot wound. The shooter's mother and 11-year-old brother were also killed at the family's home. The attack in Tumbler Ridge, a remote mining town of about 2,400 people, was one of the deadliest mass shootings in Canada's history.

The complaints allege Van Rootselaar used ChatGPT to plan the attack and that OpenAI "could have, and should have, prevented it."

Information leaked by OpenAI employees to the Wall Street Journal, the complaints said, "revealed that ChatGPT deepened the shooter's violent fixation and pushed them toward the attack."

Emails sent to OpenAI's press office were not immediately answered on Wednesday.

Edelson was not immediately available to provide comment on Wednesday. According to the statement sent to The Recorder, the law firm was working with existing Canadian counsel on behalf of the Tumbler Ridge community.

"The cases," the statement said, "represent not just a single family but an entire community stepping forward to hold OpenAI accountable for its role in the shooting."

The suit filed by Edmonds and her daughter was assigned to Magistrate Judge Sallie Kim. Other suits were assigned to Magistrate Judges Alex Tse, Kandis Westmore and Laurel Beeler.

According to the suits, OpenAI instructed Van Rootselaar on how to continue using ChatGPT even after an account is deactivated and the company chose not to report the shooter's planned violence to police.

Eight months before the shooting, OpenAI's automated system flagged Van Rootselaar's account for gun violence activity and planning, according to the complaints. A specialized safety team that reviewed the account's conversations determined Van Rootselaar posed a credible threat and urged OpenAI to notify the Royal Canadian Mounted Police.

The complaints allege OpenAI leaders overruled that recommendation as a “question of corporate survival” given the company was on the cusp of an initial public offering.

Informing Canadian authorities, it said, would set a precedent that would compel OpenAI to make such notifications every time its safety team identified a user planning violence. Such a practice, it said, would reveal “that ChatGPT is not the safe, essential tool the company sells it as, but a product dangerous enough that its makers routinely identify its users as threats to human life.”

The complaints alleged that, in May 2024, OpenAI chose to remove safeguards that had limited what ChatGPT would discuss with its users, allowing for conversations about violence and self-harm.

Such limitations had been in place before, the plaintiffs said, but OpenAI found they suppressed user engagement.

“For OpenAI, engagement is the whole business—every conversation trains the next model, and every minute a user spends in ChatGPT grows its market share,” the complaints said. “OpenAI therefore programmed ChatGPT to participate in almost any conversation a user brings to it, no matter how dangerous.”

Plaintiffs also alleged that users flagged for such conversations are not banned from the platform, but simply have their accounts deactivated in a process that can be easily reversed by registering a new account. “The shooter did exactly that, and continued using ChatGPT to plan the attack,” the complaints said.

“Plaintiffs bring this action to hold Sam Altman and OpenAI accountable for designing a dangerous product, ignoring the warnings of their own safety team, refusing to notify authorities when they knew the shooter was planning a mass attack, inviting them back onto the platform after deactivating their account, and choosing profit over the lives of the children of Tumbler Ridge.”

According to the statement, Edelson is working with Rice Parsons Leoni and Elliot LLP in Vancouver, Canada, to file additional cases on behalf of the victims of the Tumbler Ridge mass shooting.

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The Hidden Cost of Agentic AI: Information Governance

For most of modern history, technology played a supporting role, a tool pulled from the trunk only after something had gone wrong. Today, that tool is no longer reactive. It is moving into the passenger seat, acting as a copilot, reading the road ahead.

April 30, 2026 at 08:32 AM By **Chad Ergun**

The legal profession has always been shaped by its relationship with information. How firms gather, analyze and deploy knowledge determines how they staff engagements, price services and compete. For most of modern history, technology played a supporting role, a tool pulled from the trunk only after something had gone wrong.

Today, that tool is no longer reactive. It is moving into the passenger seat, acting as a copilot, reading the road ahead.

The industry is moving through a predictable adoption curve. Rules-based search and document management gave way to generative AI, which introduced conversational tools that draft, summarize and synthesize at a level that surprised even early adopters. The next shift is already underway: agentic AI, systems that do not just respond to prompts but reason, plan and execute across multiple steps. This is the move from tools you use to partners that act. It also carries a cost most firms have not priced in, and that cost is information governance.

From Conversation to Action

If generative AI is like a consultant you talk to, agentic AI is more like an associate you can delegate to. You set a goal, and it figures out how to achieve it.

At Womble Bond Dickinson, our team has been testing this distinction in practice. Consider regulatory monitoring. A client operating across dozens of jurisdictions faces a real information problem. Traditionally, paralegals manually scan legislative updates. An agentic approach reframes the problem. The agent monitors activity continuously, filters for relevance against the client's footprint and acts when something material occurs. When a new carbon tax passes, the agent identifies the affected subsidiary, retrieves emissions data from a secure firm repository and produces a privileged memorandum for partner review. A self-initiated model with an attorney always in the loop.

A second example is complex litigation. Rather than asking an AI to find emails about a specific meeting, the lawyer assigns a strategic goal: identify inconsistencies between a witness's deposition and their internal communications on a merger valuation. The agent builds a timeline, cross-references figures, flags logical gaps and drafts a suggested cross-examination script with hyperlinked evidence. It is not just retrieving information but executing a strategy.

Governance Is the Entry Fee

Vendor demos rarely mention it, but an agent is only as trustworthy as the data it touches. When a system acts autonomously across repositories, every poorly tagged document, every orphaned matter folder and every undocumented retention rule becomes a liability.

At our firm, we formalized integration between our agentic AI design team and the information governance unit, not just an innovation unit, for exactly this reason. Before an agent operates on a matter file, someone has to answer basic questions. What is the data classification? Who can see it? What is the retention posture? Which ethical walls apply? Most firms have not answered these questions at the level of granularity an agent requires. The real work of agentic AI is not prompt engineering. It is the unglamorous work of cleaning up a decade of loosely governed content.

The Data Problem

This exposes a broader issue. Law firms have a data problem that is undermining their AI initiatives. Firm knowledge lives in matter management systems, document management systems, email archives, time entry records, and practice databases that were never designed to talk to one another. Fields are inconsistent. Taxonomy drifts across practice groups. Metadata is sparse. Privilege designations are often implicit rather than tagged.

Generative AI hides this problem because it works off the prompt in front of it. Agentic AI exposes it. An agent that is supposed to pull precedent, check conflicts and draft a closing memo cannot do so if the underlying data is unreliable. The firms seeing real return on AI investment are the ones spending on data quality, taxonomy and integration before scaling agents.

World Models Will Challenge the Current Approach

There is a longer horizon worth watching. Today's AI agents reason through language. They read context, plan and act on text-based representations of the world. World models represent something different. They build internal simulations of systems and environments and reason by running them forward. Applied to legal work, a world model could simulate the likely trajectory of a regulatory regime, the downstream effects of a contract clause under different enforcement scenarios or how a litigation strategy plays out across multiple judges and jurisdictions.

This approach will challenge today's agentic architectures. Text-native agents will need to interface with simulation-native systems. Governance and data questions will become harder, not easier. Firms still catching up to language models should pay attention to what comes next.

The Changing Role of the Lawyer

Agentic AI also reshapes the profession itself. Junior associates traditionally built foundational skills through the intensive document work that agents now handle. That training pathway is now being disrupted. The lawyer of the near future will function more as a legal architect and agent supervisor. The work will focus on setting strategic parameters, auditing reasoning chains, and ensuring everything stays within the bounds of client confidentiality and professional responsibility. Firms will need to be thoughtful about how they develop legal intuition in a generation that may never perform the foundational tasks their predecessors did.

The Path Forward

The tipping point is not about whether agentic AI will arrive. It has arrived. The advantage will go to firms that treat information governance as the real cost of admission, not an afterthought. The attorney of the future is less a solo practitioner and more an orchestrator of capabilities, deploying a research agent, a drafting agent, and a compliance monitor, then coordinating their outputs into a unified strategy. The skills that matter are knowing which agent to deploy, interrogating its reasoning, and applying the judgment only a human lawyer can provide.

Chad Ergun *is the chief information officer at Womble Bond Dickinson, where he leads technology strategy, innovation, and AI transformation. His work spans generative AI, knowledge management, cybersecurity, eDiscovery, machine learning, and data science, with an emphasis on applying emerging technologies to modernize legal service delivery.*

Page printed from: <https://www.law.com/legaltechnews/2026/04/30/the-hidden-cost-of-agentic-ai-information-governance/print/>

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Litigation

Manage Newsletters

Newsom's \$787 Million Fox News Defamation Lawsuit Advances (3)

April 30, 2026, 1:50 PM PDT; Updated: May 1, 2026, 8:36 AM PDT

Summary by Bloomberg AI

AI Generated



- California Gov. Gavin Newsom won an initial round in his \$787 million defamation case over Fox News coverage of a phone call he had with President Donald Trump about protests in Los Angeles.
- Judge Sean P. Lugg let the lawsuit advance, calling it “reasonably conceivable” that Fox knowingly aired false statements when it reported that Newsom had “lied” about the phone exchange.
- Fox said the case reflects “nothing more than a blatant attempt to silence free speech and weaken the First Amendment,” and plans to vigorously defend against the lawsuit.

California Gov. Gavin Newsom (D) won an initial round Thursday in his \$787 million defamation case over Fox News coverage of a phone call he had with President Donald Trump last year about protests in Los Angeles.

Judge Sean P. Lugg let the lawsuit advance in Delaware's Superior Court, calling it “reasonably conceivable” the conservative news network knowingly aired false statements when it reported that Newsom had “lied” about the phone exchange. Newsom, an aggressive Trump foil and likely 2028 presidential candidate, alleged in his court complaint that Fox deliberately mischaracterized his descriptions of the call.

Lugg's decision, denying a bid to dismiss the case, rejected a range of defenses offered by Fox, including its attempt to invoke First Amendment protections. Newsom's allegations have enough preliminary merit to move forward “even when viewed through the more discerning lens” covering defamation claims by public officials, the judge said in a 43-page ruling.

Newsom responded to the decision late Thursday in a social media post on X.

“Looking forward to discovery,” the governor wrote, a reference to the costly and cumbersome litigation stage that typically follows an unsuccessful motion to dismiss. The discovery process—which involves document exchanges and witness depositions—can sometimes surface embarrassing information, as it did in a previous high-profile defamation case against Fox.

Fox said Friday in a statement emailed to Bloomberg Law that the case reflects "nothing more than a blatant attempt to silence free speech and weaken the First Amendment."

"We respectfully disagree with the court's decision and plan to vigorously defend against this frivolous lawsuit," the network said.

Defamation Hot Spot

Delaware has become a go-to venue for politically charged defamation cases in recent years, including a wave of litigation against Fox and Newsmax Media Inc. over Trump's false claim that the 2020 election was rigged against him. French President Emmanuel Macron is also suing right-wing podcaster Candace Owens in the same court over her alleged "relentless and unjustified smear campaign" against his wife.

Fox resolved one of the election-related cases for \$787 million, the same amount sought by Newsom. The eve-of-trial settlement with Dominion Voting Systems Inc. followed public disclosures suggesting media mogul Rupert Murdoch and Tucker Carlson, the network's most influential anchor at the time, knew Trump's claims were false even as the network was broadcasting them. That case sparked a shareholder suit in Delaware's Chancery Court seeking to claw back the money from Murdoch and other Fox insiders.

Newsom's lawsuit, filed last June, echoes a favorite tactic of Trump, who has frequently lobbed defamation claims at his political foes and media critics. The legal dispute concerns a 16-minute phone call about the president's move to deploy thousands of troops in a crackdown on protesters who mobilized against widespread federal immigration raids.

Newsom repeatedly tried to broach the subject of ongoing protests in Los Angeles, but Trump "steered the topic away," according to his lawsuit. Trump issued a proclamation within a day of the call activating the National Guard.

The call took place late June 6 in California, which translated to early June 7 on the East Coast. But when Trump said several days later that the call had been "a day ago," Newsom responded online that "There was no call." Fox's coverage included an onscreen graphic stating that "Gavin Lied About Trump's Call." The segment was edited to omit Trump's claim that the call had been "a day ago," according to the court ruling.

Newsom is represented by Legal Accountability Center Teter Legal, Farrar & Ball LLP, and Farnan LLP. Fox is represented by Torridon Law PLLC and DLA Piper LLP (US).

The case is Newsom v. Fox News Network LLC , Del. Super. Ct., No. N25C-06-251, 4/30/26 .

(Updates April 30 story with Fox comments in sixth and seventh paragraphs.)

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Securities

Prediction Market Policing Will Test Insider Trading Law Limits

May 1, 2026, 2:00 AM PDT

The US agency charged with overseeing derivatives might face difficulty rooting out alleged insider trading and misconduct on prediction markets given the outlines of federal law, even if it succeeds in elbowing out state regulators, attorneys say.

The CFTC wants to exclusively police the emerging prediction markets. For tackling insider trading, it's bound by anti-fraud rules that parallel federal securities laws. And the burdens of proof, including a breach of a duty of confidentiality, may be a significant hurdle for trades that face public scrutiny.

"I think the government will find that it's actually very, very difficult to apply the law as it currently exists to capture some of those cases," said Morrison Cohen LLP's Jason Gottlieb. "Not all of them. Some of them, people really are using material, nonpublic information, violation of duties of confidentiality, and the usual law applies."

"But I think people will be surprised when they learn just how much of the stuff that they're seeing is actually not illegal and it's not covered by insider trading law," he said.

Prediction markets allow people to wager on a wide range of binary outcomes, such as whether the US accepts a new nuclear deal with Iran before July or whether Oklahoma City will repeat as NBA champions. The Commodity Futures Trading Commission, Kalshi Inc., Crypto.com, and other platforms are grappling in court with states over who can regulate their event contracts, particularly sports ones.

States say sports prediction markets are gambling sites subject to their laws. Companies counter that their offerings are a hedging derivative traded on federally regulated markets, under the CFTC's exclusive jurisdiction per the Commodity Exchange Act.

The agency is also aggressively taking that position through lawsuits, proposed rulemaking, and enforcement promises.

“Because the more they do, the more credibility they have as the enforcers, as the correct regulator for this type of market,” Troutman Pepper Locke LLP’s Stephen Piepgrass said. “And the more it feels like the Wild West, the more arguments the states have that, ‘hey, wait a minute, we’re the ones that have this great body of enforcement law around wagering, and it should apply here.’”

Materiality

For typical insider trading, the line of what’s “material” is often clearer than for prediction markets, said Boies Schiller Flexner LLP’s Alison Anderson—such as a merger only a few people know about.

On prediction markets, “people may bet on something like whether or not the US is going to strike another country where you may have hundreds of military members, other defense contractors, who have some information that public does not have,” she said. “But if it’s anything less than the strike will happen tomorrow at 12:42 p.m., where is the line of what is material, nonpublic information? It’s going to be a real struggle figuring that out.”

Classic insider trading appears easier to investigate since fewer actual actors make the trades, she said. But so many people have at least some information related to a prediction market.

In at least the Second Circuit, home to the Southern District of New York, prosecutors would need “a duty of confidentiality under a wire fraud misappropriation theory, and it’s got to be involve commercially valuable information,” said Crowell & Moring LLP’s Anand Sithian.

Recent criminal charges indicate some belief inside the DOJ that that theory is viable to prosecute trading on government information, he said.

The CFTC declined to comment on the record. The DOJ didn’t respond to an email seeking comment.

Much of insider trading law has developed in courts, potentially pressuring Congress to act, Sithian said. “It’s unclear how courts might address criminal wire-fraud theories of insider trading based on the alleged misuse of government information to trade on prediction markets.”

Government Trading

Many cases will be clear cut, and attorneys expect the CFTC and DOJ to bring more charges, putting their money where their mouth is on exclusive jurisdiction.

The agencies brought civil and criminal charges against a US Army soldier for allegedly using classified information concerning the capture of Venezuela’s Nicolás Maduro through trading on Polymarket.

“It is a very powerful case in a few dimensions: the swiftness with which it’s been brought after the Maduro action, the fact that it involves government information, the fact that it’s a parallel matter between the criminal authorities and the CFTC,” said Debevoise & Plimpton LLP’s Charu Chandrasekhar. “It’s absolutely a shot across the bow and should really cause market participants to sit up and take notice that the government is very serious about rooting out insider trading in this marketplace.”

The CFTC said it used for the first time in that case the "Eddie Murphy rule"—referencing the 1983 comedy "Trading Places"—that bars trading on material, nonpublic information misappropriated from government sources. The special forces master sergeant pleaded not guilty April 28.

The rule might give the CFTC an edge over the DOJ in prediction market insider trading cases, said Pallas Partners LLP's Josh Naftalis. "The CFTC says it's illegal to trade based on government information on the commodity side. But on the securities side, the DOJ side is actually narrower in a way."

"So I think that this is where the CFTC sort of comes back to life."

Gambling Claims

Exchange participation too will sway what the CFTC and DOJ can do, attorneys say, as insider trading cases are most commonly derived from tips and companies reporting from their compliance programs.

Polymarket, seeking to return its main exchange to the US, worked with federal officials on the Maduro action. Kalshi already publicized some enforcement work, recently banning three political candidates who traded on their races.

"These companies had to pick and choose their poison," Anderson said. By implementing anti-money laundering, know your customer, and insider trading surveillance, "Kalshi has chosen to push the narrative that they are subjected to the CEA instead of being treated as gambling."

Because if prediction market offerings are considered gambling instead, she said, "that will tie their hands significantly."

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Securities

Manage Newsletters

Trump Family Crypto Project Quietly Sold as Holders Got Stuck

May 1, 2026, 5:35 AM PDT

Summary by Bloomberg AI

AI Generated



- Investors put in more than \$550 million across two fundraising rounds for the cryptocurrency venture of Donald Trump and his family.
- The project sold an additional 5.9 billion tokens to accredited private investors, transactions worth hundreds of millions of dollars, with much of the proceeds directed to founder-affiliated entities.
- Early investors remain locked out of 80% of their token holdings, unable to sell into a market that has already moved sharply against them, with WLF1 trading below 6 cents.

The pitch was straightforward: Invest in the cryptocurrency venture of Donald Trump and his family, back the industry's most powerful ally at the peak of their influence, and share the spoils.

Investors said yes, putting in more than \$550 million across two fundraising rounds.

What happened next was not publicly explained. After those rounds closed, the project sold an additional 5.9 billion tokens to accredited private investors, transactions worth hundreds of millions of dollars, with much of the proceeds directed to founder-affiliated entities.

The sales came to light when intelligence platform Tokenomist.ai, examining World Liberty's governance filings at Bloomberg's request, found that the number of tokens listed under founder, team, adviser and partner allocations had risen without apparent explanation, a discrepancy the project had not explained to its broader investor base.

World Liberty confirmed the sales to Bloomberg, describing them as "white glove" transactions with private purchasers, but declined to say who the buyers were or where the money went.



Zach Witkoff

Photographer: Adam Gray/Bloomberg

What is unfolding has no precedent in American financial life. A sitting president's family holds financial stakes in a live token project – one setting governance rules, directing treasury sales, collecting proceeds – while the people who signed up find themselves with limited options to exit.

World Liberty Financial was co-founded by members of the Trump and Witkoff families alongside other business partners, with **Zach Witkoff** serving as chief executive. Both Trump and Steve Witkoff, who serves as the president's special envoy to the Middle East, were listed as co-founder emeritus on the project's website. The project recently removed a page listing its co-founders; a spokesperson said the company regularly updates its site.

Under the project's disclosures on its website, DT Marks DEFI LLC – an entity affiliated with Donald Trump and certain family members – is entitled to receive 75% of WLFI token sale proceeds after deduction of agreed reserves and expenses. DT Marks and certain Trump family members also hold 22.5 billion WLFI tokens. World Liberty declined to say who received the money from the additional sales.

The project's early investors were given the chance to [sell 20%](#) of their holdings last year – tokens acquired for as little as 5 cents – but cannot sell the rest. Unlike most token sales, World Liberty did not provide investors with an unlocking schedule in advance.

The White House said Trump is not involved in managing the family's crypto ventures, handing control to family and business associates.

"President Trump's assets are in a trust managed by his children. There are no conflicts of interest," said White House spokesperson Anna Kelly.



The World Liberty Financial website.

Photographer: Gabby Jones/Bloomberg

White House Counsel David Warrington said Witkoff has divested from World Liberty Financial and does not participate in official matters that could affect his financial interests.

Under a [governance proposal](#) now before investors, no one – founders or early buyers – will be able to sell their holdings for at least two years, after which tokens would begin unlocking gradually over several more years. Investors who do not accept the new terms risk having their tokens locked indefinitely. Insiders who accept the vesting schedule would also be required to permanently burn 10% of their token allocation, a structure the project said is designed to align founder and investor interests.

“We have enormous conviction in this vision and take a long-term view towards everything we do, from our fundraising efforts to the careful crafting of governance proposals designed to benefit the entire ecosystem,” said David Wachsman, spokesman for World Liberty Financial.

The broader Trump family business has been reshaped by crypto. The family built its fortune on licensing the Trump name – real estate, Bibles, sneakers – but digital assets have opened a new revenue stream.

For World Liberty’s investors, things have worked out differently from what many expected. Early buyers remain locked out of 80% of their token holdings, unable to sell into a market that has already moved sharply against them. WLFI traded below 6 cents this week to new lows in open trading.

“It is surreal to have the Trump family not only profiting off this financial venture that features glaring conflicts of interest but doing so in a way that blocks other investors from sharing in the gains,” said **Eswar Prasad**, a professor at Cornell University .



Justin Sun

Photographer: Suhaimi Abdullah/Bloomberg

The project's highest-profile external backer has decided to intervene.

Justin Sun, the billionaire founder of the Tron blockchain, [sued](#) the venture in April in San Francisco federal court alleging extortion and an illegal scheme to seize his tokens – charges the project's co-founders deny. Sun alleged he invested \$45 million into WLFI and has not been allowed to sell a single token.

Syed Sameer, chief executive of Sameer Group – a Dubai-based investment firm that Syed said has invested in WLFI token alongside UAE institutional partners – posted an offer on X directed at Sun, offering to help negotiate a resolution.

"Instead of a legal fight," Syed told Bloomberg, Sun could "reach an amicable solution through neutral intermediaries." Sun told Bloomberg he relayed Syed's contact to his lawyers.

Beyond the lawsuit, the project has deposited 5 billion of its own WLFI tokens into Dolomite, a decentralized lending protocol whose co-founder holds a role at World Liberty, and borrowed roughly \$75 million in stablecoins against them. Critics say the structure may allow insiders to convert holdings to cash instead of waiting for an unlock that could be years away. World Liberty said the position was “nowhere near liquidation” and had repaid \$25 million of the loan, with \$50 million outstanding as of mid-April.

With token prices falling, World Liberty’s broader corporate orbit is showing strain. Alt5 Sigma, a Nasdaq-listed company that raised \$1.5 billion in August 2025 to accumulate WLFI tokens, announced a pivot to artificial intelligence. A recent filing said it may “redeem or monetize a portion of its token holdings to fund operations, satisfy obligations, or pursue strategic initiatives.” Tony Isaac, Alt5’s chief executive, told Bloomberg the company has no plans to sell the token, and may in fact continue to accumulate it.



Alt5 Sigma, a Nasdaq-listed company that raised \$1.5 billion in August 2025 to accumulate WLFI tokens, announced a pivot to artificial intelligence.

Photographer: Adam Gray/Bloomberg

Zach Witkoff, World Liberty’s co-founder and chief executive, chairs Alt5’s board. Zak Folkman, a World Liberty co-founder, also sits on Alt5’s board.

The troubles are unfolding against a broader reckoning. Across the Trump family's crypto empire – a [memecoin](#) that's down more than 40% this year and 93% from its post-inauguration peak, a Bitcoin mining venture whose shares have lost much of their value, and now Alt5, down roughly 90% since its pivot to accumulate WLF – the pattern is similar: projects that rose on the Trump brand are now pivoting or restructuring, as the political trade that drove initial enthusiasm collides with a cooling crypto market. Anyone who bought shares of Trump Media & Technology Group, the parent of Truth Social, over inauguration weekend 2025 has lost roughly three-quarters of their money.

For the investors impacted by the market disruption, there is little formal recourse. Token projects operate outside the requirements governing public companies – no audited financials, no mandatory reporting of insider transactions, no independent board oversight.

"Foundation treasuries are at the project's discretion, and there's no enforced requirement to disclose or restrict how they're used," Tanawat Chiewhawan, of Tokenomist.ai, said. "Some projects similarly allocate treasury tokens for private investor rounds."

--With assistance from **Annie Massa** and **Jeff Mason**.

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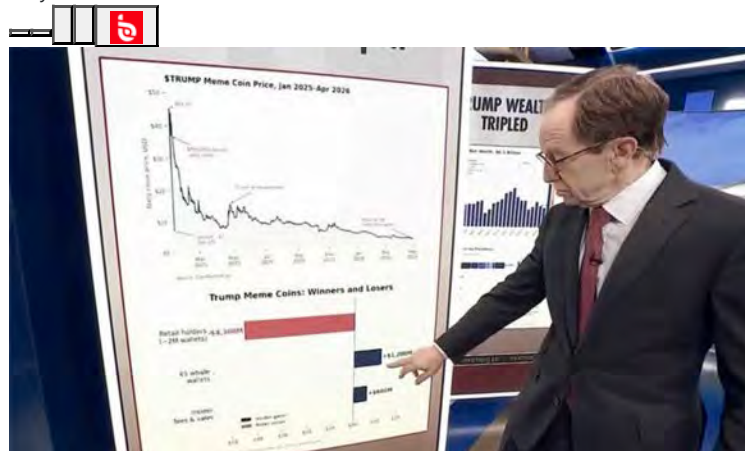
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Trump 'scam' cost MAGA devotees over \$4B: expert

[Tom Boggioni](#)

May 1, 2026 9:18AM ET



Steve Ratner (MS NOW screenshot)

According to journalist and investment analyst Steve Ratner, [Donald Trump](#) abused his fans to the tune of over \$4 billion with a crypto scam that has all the signs of insiders cashing in at the expense of the [MAGA true believers](#).

During an appearance on MS NOW's "Morning Joe," Ratner came armed with charts that show a dramatic plunge in value in the [Trump](#) meme coin since its inception to a point where it is [almost worthless](#).

"Generally speaking, what he did was he [Trump] created something called a \$Trump coin," he said.

"And you'll also remember there was a \$Melania coin a little bit later. It is a coin that means nothing. It is like buying a pet rock, except you don't even get a rock; it has no value. It has no trading value, it's not used in commerce — nothing. They sold them initially at \$7 and went all the way up to \$45. Not surprisingly, it crashed."

Pointing to one of his charts, he elaborated, "But look, what else has happened here. So there have been found to be 45 what are called whale wallets, huge buyers of this stuff early on in the process. Then as crypto went up, these whales, and it could include Trump — we don't even know who it includes, It could include a lot of foreigners, people who are tipped off. — they made \$1.2 billion. Trump, we know, made about \$600 million in trading fees and so forth on this."

"But who lost? Who lost were 2 million innocent Americans who bought this thing because they thought Trump was great or whatever. They lost \$4.3 billion by buying up here and now owning something that is worth less than \$3," he added.

"It's not just that some people got rich off of coins that just don't mean anything. It's that more people got scammed, working Americans got scammed, middle-class people got scammed, small businesses got scammed," co-host Joe Scarborough added.



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ADVERTISEMENT

Securities

Wall Street Is Bullish on Oracle, But Investors Aren't Buying It

May 1, 2026, 6:40 AM PDT

To Wall Street, Oracle Corp. is a screaming buy. To many investors, however, the company's relationship with OpenAI, its sizable debt load and the durability of its software business have made owning the stock a risk.

Oracle shares were on a six-session losing streak in which they've lost 14% through Thursday's close, their worst stretch in months. Despite an April rally, the stock is down nearly 50% since hitting a high in September.

The latest move is centered around OpenAI, which is facing questions about its ability to meet the hundreds of billions of dollars it's committed to spend on developing artificial intelligence technology. The ChatGPT owner missed its latest sales and user targets, according to a Tuesday report, and Oracle shares sank 4.1% in that session.

But Wall Street pros argue that the market is wrongly focused on the noise coming from OpenAI and failing to recognize Oracle's growth potential as Big Tech builds out the infrastructure to power AI.

"We don't see meaningful negative impact or any negative impact from the OpenAI news. We think it's kind of overdone," said **Michael Monaghan**, portfolio manager at Founder ETFs, which owns Oracle shares. What's not understood by some investors is "what a major disruptor they'll be in AI infrastructure. We think that they're attacking the boring but highly profitable layer of the AI stack."

The stock is on track to snap the losing streak Friday, jumping as much as 5.5% in early trading.

Oracle Stock Under Pressure

Shares have slumped since a September high

Oracle stock price



Source: Bloomberg

Bloomberg

Read More: OpenAI-Linked Stocks Slump on Report It Missed Key Targets

Of the 51 Wall Street analysts tracked by Bloomberg who follow Oracle, 41 have buy ratings on the stock and only one rates it a sell. The consensus price target for the shares is about \$240. Based on its Thursday closing price of around \$161, that implies a 43% rise over the next 12 months, one of the highest projected upsides among Oracle's large-cap tech peers.

However, questions about Oracle's growth remain. The stock hit its previous record on the strength of an aggressive outlook for its cloud business, which was partially based on a deal with OpenAI said to be worth \$300 billion over five years. The ensuing selloff was spurred by creeping doubts about OpenAI's circular financing agreements — where it's a customer of the companies it's being funded by — and the potential fallout if it fails to meet its multitude of financial commitments.

Capacity constraints are an emerging issue, with companies such as Alphabet Inc., Microsoft Corp., Meta Platforms Inc. and Amazon.com Inc. signaling on earnings calls this week that demand for AI-related components is outstripping supply. This is why hyperscalers are spending so much on AI infrastructure, including chips and data centers. If, however, the big spenders like OpenAI suddenly turn off the spigot, that equation could reverse, leaving Oracle without a major client for its products.

Oracle also has been caught up in investors' worries about AI disrupting the software sector, since it sells enterprise software in addition to data management and cloud infrastructure technology. And its rising debt levels to fund investments in AI infrastructure have also given investors pause. In March, the cost of protecting the company's debt against default for five years rose to the highest closing level on record, taking out the previous record hit in 2008.

Read More: Data Center-Tied Debt Slides as OpenAI Report Fuels Angst

Bulls see these fears as overblown, however, especially with the company in the early years of what's expected to be a massive long-term buildout to power AI.

"The worries over the debt were ridiculous in our view," said **Nancy Tengler**, chief investment officer at Laffer Tengler Investments, which holds Oracle shares. "This is a company that has always had a tremendous amount of debt on their balance sheet. The debt-to-equity ratio has actually gone down materially year-over-year."

The tech infrastructure that Oracle is building is fungible and proven to be in high demand, Tengler said. For example, when Oracle and OpenAI scrapped plans to expand an AI data center in Abilene, Texas, in March, Meta Platforms Inc. quickly stepped in to consider leasing the site with Nvidia Corp. helping to facilitate the discussions.

"There is plenty of other demand out there to whom Oracle could lease that capacity or provide that capacity," said **JoAnne Feeney**, a portfolio manager at Advisors Capital Management. "So I think there's some mistaken responses here to sort of sell off all of these guys."

While the recent downturn in Oracle shares has compressed the company's market valuation, they're still relatively expensive by historical standards. The stock currently trades at about 21 times forward earnings, above its 10-year average around 18 times.

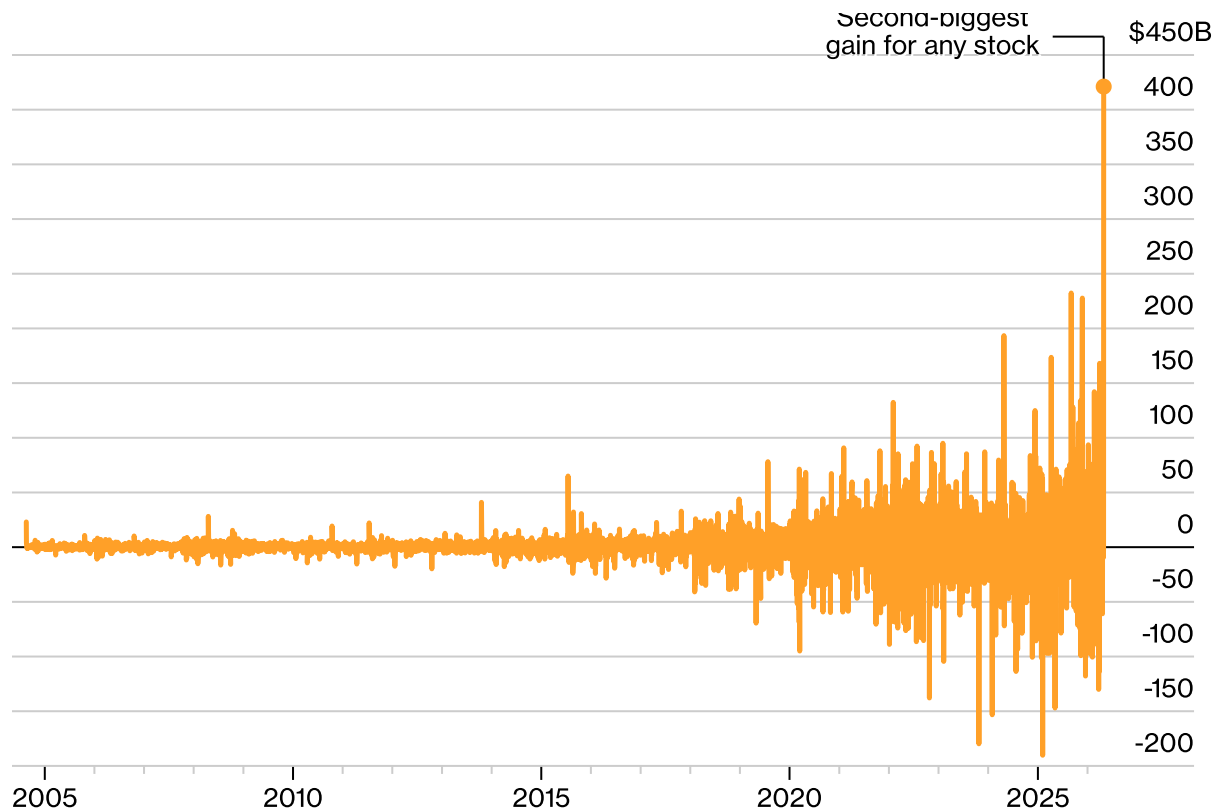
But Oracle shareholders are more focused on the company's long-term potential as the AI trend continues to grow. In particular, they believe in the company's leadership. Chairman Larry Ellison has been "the ultimate founder, who sees a vision and executes it. He's been doing it for 40 years. We think he'll continue to do it," Founder ETFs' Monaghan said. To Tengler, he's one of Silicon Valley's fiercest competitors.

"Our price target is double the current stock price," said Monaghan, who sees catalysts over the next three to four quarters unlocking that value. "We think it's an incredibly attractive entry point."

Tech Chart of the Day

Alphabet Adds More Than \$421 Billion in Value

Alphabet one-day market cap change



Source: Bloomberg

Bloomberg

Alphabet Inc. added a historic amount to its market capitalization on Thursday, following blowout quarterly earnings that sent the stock skyrocketing. The shares rose 10% to \$384.80, adding \$421 billion to its market valuation, the second-biggest one-day jump in market cap add for any stock ever, according to data compiled by Bloomberg.

Top Tech Stories

Apple Inc. delivered a surprisingly strong revenue forecast for the third quarter, even as it warned that memory-chip costs will increase and that shortages of Mac computers will persist for “several months.”

OpenAI Chief Financial Officer Sarah Friar, rebutting concerns about missing internal targets, said the company is meeting objectives and sees “a vertical wall of demand” for its products.

Rivian Automotive Inc. shares tumbled as it offered investors few fresh details about demand for its new R2 electric SUV, a model that’s seen as critical to the electric-vehicle maker’s future.

Elon Musk’s first compensation figure after Tesla Inc. shareholders approved his moonshot pay package is in, and it’s a doozy: \$158 billion.

Tesla Inc. generated more than half a billion dollars in revenue last year from selling products to two of Elon Musk's other companies, the carmaker disclosed in an amended annual filing.

Earnings Due Friday

Earnings Premarket:

Cinemark Holdings Inc. (CNK US)

(Updates stock moves throughout, adds today's trading)

--With assistance from **Subrat Patnaik**.

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Securities

First Brands Creditor Sues Auditor BDO Over Missed Red Flags

April 30, 2026, 2:55 PM PDT

A lender that owns First Brands Corp. debt sued auditor BDO USA P.C., alleging it failed to detect problems at the auto parts supplier before it collapsed into bankruptcy and federal prosecutors accused founder **Patrick James** of fraud.

Funds managed by Black Diamond Capital Management said in an April 29 lawsuit that BDO's audits did not comply with generally accepted auditing standards because they missed "numerous" risk factors, including First Brands' extensive use of factoring and hundreds of millions of dollars in transfers to James' personal trust.

The Black Diamond affiliates said they relied on BDO's audits when it bought about \$70 million of First Brands' senior debt. It now expects a loss in the bankruptcy, like other creditors. James has denied wrongdoing and pleaded not guilty to criminal charges.

The lawsuit accuses BDO of negligence, negligent misrepresentation, fraudulent misrepresentation and tortious interference with contract. It seeks damages equal to the principal and interest on the outstanding debt the Black Diamond funds own. The Financial Times earlier reported the lawsuit.

"A properly planned and conducted audit, with the auditor applying due professional skepticism to contradictory or implausible information, would have detected red flags, inconsistencies, and evidence requiring further investigation - all signs of the rampant fraud that was ongoing for at least eight years before First Brands' collapse," the lawsuit said.

A BDO spokesperson said Thursday that the lawsuit lacks merit. A new independent report and criminal indictments against James and other former executives shows "that the First Brands fraud was conducted in a way to deceive BDO as its auditor," the accounting firm said.

Professional standards governing BDO's audits of First Brands "expressly contemplate the inability of an auditor to detect the kind of collusive fraud perpetrated by First Brands," BDO said.

The lawsuit followed an April 27 report by a bankruptcy examiner. In the report, lawyer **Martin De Luca** cited a former executive who said the company switched audit firms because BDO “was viewed as less rigorous” and had an unsophisticated process that let the business “do what we want with these guys.”

De Luca said witnesses reported that BDO did not directly access underlying enterprise systems such as Oracle or consistently perform independent verification of other information. But he also said his investigation is incomplete and that more work is needed to determine whether First Brands’ auditors complied with generally accepted auditing standards.

In response, a BDO spokesperson said the examiner’s report did not include interviews with BDO personnel or a review of the firm’s files. BDO also said the report “reaches inappropriate and factually inaccurate conclusions about our audit work based on hearsay from individuals involved in the fraud.”

“BDO reaffirms that its audits of First Brands were performed in a way completely consistent with professional audit standards,” the firm said.

First Brands filed Chapter 11 in September with more than \$11.5 billion in liabilities, including \$6 billion in long-term debt and at least \$2.3 billion in off-balance-sheet financing. Two former First Brands executives have pleaded guilty to criminal charges tied to the company’s collapse.

The company shut 17 facilities and laid off 4,000 workers earlier this year after concluding it did not have enough lender support to reorganize. Lenders are poised to take billions of dollars in losses.

The case is Black Diamond Credit Strategies Master Fund et al. v. BDO USA P.C., number cv-26-137992, in the Ohio County Court of Common Pleas.

--With assistance from **Steven Church**.

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Securities

Finding Coinbase a 'Seller' Would Bring Harms, Crypto Group Says

April 30, 2026, 11:33 AM PDT

Coinbase Global Inc. shouldn't be ruled a "statutory seller" of securities because it doesn't fit the criteria and broad negative ramifications would ensue, a cryptocurrency industry group told a federal court.

Ruling against Coinbase on the issue would drive trading platforms offshore, harming consumers and US competitiveness, the Digital Chamber said Wednesday in a brief to the US District Court for the Southern District of New York. The friend of the court brief—by a digital asset and blockchain trade association that describes itself as the oldest and largest in the industry—supports Coinbase's request for a definitive legal ruling, or summary judgment, on the statutory seller question. The Digital Chamber is represented by Cahill Gordon & Reindel LLP, which has positioned itself as having a prominent emerging technologies practice.

Although a great deal of legal wrangling over digital assets—and recent regulatory steps—have focused on whether they are "securities," the statutory seller question remains another unsettled area for courts to address. It's a potentially significant one, letting companies out of suits or helping subject them to liability.

The Coinbase case "will shape not only the outcome here but also the legal architecture governing digital asset exchanges and trading platforms in the United States," the Digital Chamber said.

To call centralized crypto exchanges statutory sellers would expand Securities Act liability, according to the industry association. Such a ruling would also create "spillover risks" for "stock exchanges, broker-dealers, and other intermediaries in traditional financial markets," the group said.

The Digital Chamber doesn't acknowledge the digital assets at issue are securities, it said. But it didn't argue that question in its brief.

The token holders leading the suit on behalf of a proposed class, Christopher Underwood and Henry Rodriguez, claimed Coinbase solicited and sold unregistered securities in violation of Section 12(a)(1) of the federal Securities Act and California, Florida, and New Jersey law. They alleged Coinbase operated as an unregistered broker-dealer in these states.

Judge Paul A. Engelmayer allowed the claims to proceed at the pleadings stage, saying he was “constrained” by the US Court of Appeals for the Second Circuit, which held the Coinbase users had adequately pleaded the exchange was a statutory seller under Section 12 of the Securities Act. But Engelmayer, saying evidence might clarify the statutory seller question, set up a discrete post-pleading discovery and briefing process to resolve that issue first.

The crypto traders and Coinbase filed briefs under seal on April 20. The traders sought summary judgment in their favor with respect to a smaller subcategory of transactions than Coinbase discussed, according to the Digital Chamber filing.

An expansion of seller liability, based on mere “ministerial trading functions” by exchanges, “could dissuade future market participants from entering the industry altogether, or lead to trading platforms avoiding the U.S. market or scaling back the features they offer,” the Digital Chamber said.

Silver Golub & Teitell LLP and Selendy Gay PLLC are lead counsel for the token traders. Skadden, Arps, Slate, Meagher & Flom LLP represents Coinbase.

The case is Underwood v. Coinbase Glob., Inc. , S.D.N.Y., No. 1:21-cv-08353, amicus brief 4/29/26 .

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Exclusive

Bank Collusion Probe in Archegos Meltdown Closes Without Charges

April 30, 2026, 1:34 PM PDT

The Justice Department has closed a criminal antitrust probe into whether banks illegally coordinated their responses to the unraveling of **Bill Hwang's** family office Archegos without bringing charges, according to people familiar with the matter, ending a yearslong chapter of government scrutiny into an implosion that rocked Wall Street.

People involved in the probe were notified earlier this year that the investigation, which began in 2021, was being closed by prosecutors, said some of the people, who asked not to be identified discussing a confidential decision. Authorities examined whether talks among Archegos' trading partners about how to unwind more than \$150 billion in bets placed by his office amounted to collusion or a conspiracy to collude to control prices.



Bill Hwang

Photographer: Yuki Iwamura/Bloomberg

Some in finance bristled at the investigation as an overreach because it could have relied on a 19th century law commonly associated with crackdowns on monopolists to prosecute lenders discussing how to minimize losses. The probe also threatened legal trouble for banks that suffered \$10 billion in losses and were framed as victims in Hwang's separate criminal trial for market manipulation and fraud. He was convicted in 2024.

It wasn't immediately clear why the Justice Department had ended the probe, but the case was bumping up against a deadline for any charges to be filed. There is a five-year statute of limitations for criminal antitrust charges, and the conduct at issue took place around March 2021.

The Justice Department declined to comment.

Before Archegos melted down in 2021, Hwang borrowed money from banks to layer up bets on a small group of stocks, such as ViacomCBS, sending prices soaring. Lenders realized too late that Archegos had fueled the run-up by buying swaps from several firms. Once prices started slipping, Hwang and the counterparties faced a downward spiral of losses and liquidations.

After holding emergency talks in March 2021, banks including Credit Suisse, Nomura Holdings Inc. and UBS Group AG reached a managed liquidation agreement to sell down parts of their Archegos exposure. Others like Goldman Sachs Group Inc., Morgan Stanley and Deutsche Bank AG explored such an agreement before deciding against it. Credit Suisse, which was acquired by UBS after it collapsed in 2023, ended up with the lion's share of the losses — \$5.5 billion.

The banks either declined to comment or didn't immediately respond to a request for comment.

After Hwang's 2024 conviction, antitrust prosecutors in the San Francisco office kicked off fresh inquiries into the banks' conduct, Bloomberg News has reported. Representatives for some of those swept up in the probe had argued privately to prosecutors that they'd relied on the involvement of lawyers when they were debating proposals to coordinate an orderly liquidation that would minimize market disruptions, said one of the people familiar with the matter.

Read More: Archegos Banks That Unwound Bets Face Criminal Antitrust Probe

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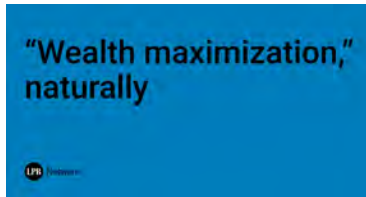
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"Wealth maximization," naturally

 [businesslawprofessors.com/2026/05/wealth-maximization-naturally](https://www.businesslawprofessors.com/2026/05/wealth-maximization-naturally)

Ann Lipton

May 1, 2026



This post highlights a collection of new developments revolving around recent attacks on shareholder rights, in the name of "wealth maximization," naturally.

First, a couple of weeks ago, [I posted about how Indiana went and passed the model proxy advisor act proposed by "Consumer Defense,"](#) which burdens *any* proxy advice to vote against management, prompting a lawsuit by ISS. (Mike Levin and I also [talked about the act on our podcast](#).) Well, the update is that [Glass Lewis has also filed a lawsuit to challenge Indiana's law – and it turns out, Kansas passed its own version, so ISS is challenging that one, too](#).

Second, Texas Capital Bancshares, a Delaware corporation, recently held a vote on a proposal to reincorporate to Texas – [which failed, rather convincingly](#). (Interestingly, an even bigger failure – one might say a resounding one, actually – was TCBI's "advisory" proposal to adopt a 3% threshold for shareholder proposals if the Texas move were approved).

Now, what's striking here is that TCBI is not a controlled company; [its largest shareholders are BlackRock, Vanguard, T. Rowe Price, Dimensional Fund, and State Street](#) – so presumably, these holders were largely opposed to the proposal.

But I've [previously posted](#), Exxon is also proposing a reincorporation to Texas – and [Exxon's major shareholders are also BlackRock, Vanguard, and State Street](#).

My *assumption* has been that Exxon kind of got a gut check from them before proposing its move (in a manner consistent with proxy solicitation rules etc etc), and ascertained that they are on board, so if they are planning to support reincorporation, the question is – why Exxon and not TCBI?

I don't know much about TCBI, but I can make up reasons – to the extent Delaware exercises more oversight than Texas, maybe Exxon's prominence functions as its own disciplining mechanism, and maybe shareholders feel TCBI,

being a smaller and less well known company, would benefit more from legal constraints.

But my *suspicion* is that – as long as voting by large asset managers is in the political crosshairs (including the [Trump Administration's latest effort to bring them within the ERISA framework](#)) – large asset managers may feel political pressure to, well, support Texas, specifically, at least when votes are likely to gain a lot of media attention (like at Exxon). And it occurs to me that, though I think Nevada has a lot going for it over Texas for companies looking for Delaware alternatives, the fact that asset managers may feel that political pressure to support a Texas reincorporation, when they may not if the proposal is a Nevada move, may turn out to be the deciding factor.

Third, I call the reader's attention to [this model law by ALEC](#) ([hat tip Paul Rissman](#)), proposing to prohibit state pension funds not only from considering ESG factors disconnected from financial value when making investment decisions, but also from considering "systemic, general, or not investment-specific" factors. In other words, they do not want pension plans to consider the effects of war, or bad mortgages throughout the banking sector, or, specifically, climate change – regardless of its financial impact. Similarly, a number of red state attorneys general [have requested the SEC investigate credit rating agencies that have stated they will use ESG factors in downgrades](#), criticizing in particular their "flawed 'energy transition' and 'increasing regulations' ESG predictions."

Which, well – let's just say this particular request is perhaps [poorly timed](#), though I'd be surprised if SEC views it in those terms.

And another thing. New [Shareholder Primacy podcast](#) is up! Me and Mike Levin talk about the leaks regarding the SpaceX IPO, and how boards search for independent directors. [Here at Apple](#); [here at Spotify](#); and [here at YouTube](#).

Elon Musk's \$158 Billion Payday Is a Lot Like Tesla Stock: Full of Hot Air

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Mark Gongloff

May 1, 2026

Summary by Bloomberg AI

AI Generated



- Elon Musk's annual compensation was valued at \$158 billion by Tesla Inc. in 2025, as part of a package that could eventually total \$1 trillion.
- Musk's compensation is tied to equity award grants and performance targets, with \$132 billion available if Tesla hits certain targets, which it did not last year.
- The large compensation package for Musk contrasts with stagnant worker wages and concerns about job loss to AI, with US CEOs making 280 times the average annual pay of their workers.

Does he need \$158 billion to stay motivated?

Photographer: Francis Chung/Politico/Bloomberg

If you spent most of your time at your day job working on several side gigs and posting inflammatory content on social media, then you might expect to get replaced by a robot or at least brace for a serious talk with your manager about a pay cut. But if you're Elon Musk, you end up getting promised annual compensation worth \$158 billion to keep you motivated.

That's how much Tesla Inc. valued the compensation for its highly distracted and distracting, but evidently irreplaceable, chief executive officer in 2025, the company disclosed late Thursday. It's part of a package that could eventually total \$1 trillion, which shareholders approved last year "as a way to [motivate Tesla's chief executive](#) to spend more time at the electric-vehicle maker," as the Wall Street Journal put it.

In other words, when workers' wages have stagnated and many of us are worried about losing our jobs to AI, Musk gets promised enough capital in one year to buy ConocoPhillips outright and still have a few billion left over for walking-around money. To be fair, the actual cash Musk pocketed last year was [zero](#).

[dollars](#) because all of his compensation was tied up in equity award grants, Bloomberg News notes. He'll get \$132 billion, more than enough to buy Starbucks Corp., only if Tesla hits certain performance targets. It hit none of them last year.

That gets at one of the issues with both Musk's compensation and Tesla's stock price: Both are Thanksgiving Day parade balloons filled with hot air and wishes. Tesla is no longer really an electric-car maker. It's an aspiring robotaxi/robot butler/computer-chip maker with products and profits that exist only in a mystical future promised by Musk.

Despite years of not coming true, these promises are still good enough for both Tesla's comatose board of directors and its shareholders, who have enjoyed watching the company's stock grow to 198 times future 12-month earnings. As my colleague Liam Denning has written, this compares with a forward P/E ratio of about 25 for the [rest of Big Tech's Magnificent Seven](#). Musk's 2025 pay is about twice the Ebitda Tesla has generated since 2010, Liam notes.

As it relates to Tesla's stock price, the Elon Musk [Reality Distortion Field](#) has been defying the laws of physics and logic for at least a decade. You should expect to go broke betting against it. But it reflects similarly perverse and unsustainable trends in the modern economy. Tesla's market cap may never decline, but something has to give here.

US CEOs make [280 times](#) the average annual pay of their workers, according to the Economic Policy Institute, up from a ratio of about 20 in 1965. Other companies have even begun to emulate Tesla's "pay-to-pray" approach to keeping their bosses engaged. Tesla rival Rivian Automotive Inc. paid its CEO [\\$403 million](#) last year, mostly in options, as part of a similarly incentive-driven package.

Meanwhile, workers' annual wage increases have [declined steadily](#) for the past four years, with inflation outpacing them for much of that time. Now President Donald Trump's war in Iran is driving fuel prices higher, with gasoline hitting \$4.40 a gallon in the US, and threatening to reawaken inflation that was only recently subdued. Housing affordability has plunged since the pandemic, putting the American Dream out of reach for millions. No wonder the University of Michigan's consumer sentiment index is at its [lowest point on record](#).

And thanks to Musk and other Big Tech CEOs, Americans think the future is even bleaker for workers. The Mag 7 is spending [\\$700 billion](#) this year and possibly [\\$1 trillion](#) next year on ramping up AI, a technology few Americans asked for and most now fear will [take their jobs](#) and make their lives [less meaningful](#).

Musk is a uniquely qualified talisman of these inequities, thanks partly to his moonlighting as a government official. His Department of Government Efficiency last year separated [260,000](#) government workers from their jobs. It gutted the US Agency for International Development, risking [3 million preventable deaths](#) a year, according to Oxfam. All of this carnage was based on a promise to save the government money and eventually (that hazy future again) make Americans' lives better. It was another promise unfulfilled. Tesla shareholders might swallow such disappointment forever. The rest of us don't have to.

More From Bloomberg Opinion:

- Musk [Chases the Smart](#) AI Money in \$60 Billion Deal: Parmy Olson
- Tesla's Spending [Blasts Off](#). Maybe SpaceX Can Help: Liam Denning
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FirstEnergy Investor Class Recertified After 6th Circ. Remand

By **Jessica Corso**

Law360 (April 30, 2026, 8:03 PM EDT) -- An Ohio federal judge on Thursday recertified a class of FirstEnergy Corp. investors suing over the company's \$1 billion bribery scandal, standing by his earlier ruling that plaintiffs adequately alleged misrepresentations following a Sixth Circuit remand of the case.

U.S. District Judge Algenon L. Marbley disagreed with FirstEnergy that he needed to conduct a new analysis of the investors' claims after the appellate court **vacated his earlier certification** of the class.

The Sixth Circuit said the plaintiffs' claims fell under a U.S. Supreme Court decision known as **Basic Inc. v. Levinson** , which deals with cases in which corporations allegedly make misleading statements, and not under a high court case known as **Affiliated Ute Citizens of Utah v. U.S.** , which applies to cases in which companies wholesale omit necessary information.

The court vacated Judge Marbley's earlier ruling to the extent that he relied on **Affiliated Ute** to issue his ruling, but the judge said Thursday that he previously ruled that the class met the requirements of certification under **Basic** even if **Affiliated Ute** didn't apply.

As a result, Judge Marbley reasoned he didn't need to conduct a reanalysis.

"Reconsidering this court's prior ruling that the class would be certified under **Basic** if not **Affiliated Ute** is outside the scope of the limited remand," he said.

The judge also ruled that the investors' proposed method for calculating damages passed muster, rejecting FirstEnergy's arguments that investors' damages expert must show how much the stock was allegedly inflated for each day of the class period.

"This court is persuaded by the reasoning of other courts that have considered this issue and determines that 'even accepting the defendants' premises that inflation would have varied during the class period in this case' and that 'plaintiffs' damages model failed to account for variations in inflation over time,' plaintiffs' damages model is sufficient for class certification," Judge Marbley ruled.

FirstEnergy attorney Robert Giuffra of Sullivan & Cromwell LLP told Law360 in an email Thursday that the company was evaluating its appellate options.

FirstEnergy has 14 days to appeal this latest ruling on class certification to the Sixth Circuit, though the court does not have to agree to take the case.

Attorneys for the class didn't immediately respond to a request for comment.

The lawsuit against FirstEnergy was filed in 2020, shortly after former speaker of the Ohio House of Representatives Larry Householder was arrested and charged with accepting millions of dollars in bribe money to support a bill that provided the company a \$1.3 billion taxpayer bailout of its aging nuclear power plants.

Householder **was sentenced** to 20 years in prison in 2023 and FirstEnergy admitted to bribing him

and other public officials as part of a \$230 million **deferred prosecution agreement** in 2021.

The investors say that FirstEnergy's attempts to cover up the bribery meant that the stock was trading at an artificially inflated price and have accused the company of fraud.

Investors are represented by Darren Robbins, Mark Solomon and Jason Forge of Robbins Geller Rudman & Dowd LLP and Joseph Murray of Murray Murphy Moul and Basil LLP.

FirstEnergy is represented by Robert Giuffra, Sharon Nelles, David M.J. Rein, Beth Newton, Hilary Williams, Nicholas Menillo, Casey A. Dennis and Kamil Shields of Sullivan & Cromwell LLP.

The case is Owens v. FirstEnergy Corp. et al., case number 2:20-cv-03785, in the U.S. District Court for the Southern District of Ohio.

--Additional reporting by Lauren Berg. Editing by Kelly Duncan.

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Acadia Investors Get Final OK For \$179M Deal, Atty Fees

By **Katryna Perera**

Law360 (April 30, 2026, 6:43 PM EDT) -- A Tennessee federal judge has given final approval to a \$179 million settlement between investors and Acadia Healthcare Co. Inc., ending a class action that alleged the company misled investors about the strength of its U.K. operations.

U.S. District Judge William L. Campbell Jr. issued a **final judgment** Wednesday approving the deal, saying it was fair, reasonable and adequate, there was no collusion in reaching the settlement and the relief is adequate given the continued risks of litigation.

The settlement will provide relief to a class of individuals who purchased or acquired Acadia common stock between April 30, 2014, and Nov. 15, 2018.

Judge Campbell also issued an **order** Wednesday awarding lead counsel from Robbins Geller Rudman & Dowd LLP a third of the settlement in attorney fees, or roughly \$59 million, as well as \$5 million in litigation costs.

The judge further awarded the lead plaintiffs, the Chicago Laborers' Pension Fund and the New York Hotel Trades Council & Hotel Association Pension Fund, a \$23,000 and \$12,000 service award, respectively.

In a statement to Law360 on Thursday, Christopher Wood of Robbins Geller, counsel for the class, called the settlement a great result for investors.

"It's the second-largest securities class action recovery in this court, and we're proud of our clients' leadership in bringing the case to this conclusion," he said.

Counsel for Acadia did not immediately respond to requests for comment Thursday.

Judge Campbell **granted the first green light** to the settlement in January. The suit, which dates to 2018, alleges that, in an effort to support a flow of referrals that would fill beds at its inpatient and outpatient residential treatment facilities, "Acadia consistently and repeatedly represented to the public and investors that it provided high-quality patient care."

"In reality, and in stark contrast to defendants' public statements, Acadia's tactic of acquiring facilities and then systemically cutting staff generated alarming incidents of abuse, neglect and, on several occasions, death," the investors said.

The investors are represented by Christopher M. Wood, Jerry E. Martin, Darren J. Robbins, Ellen Gusikoff Stewart, Sam S. Sheldon, Darryl J. Alvarado, J. Marco Janoski Gray, Ting H. Liu and T. Alex B. Folkerth of Robbins Geller Rudman & Dowd LLP, Justin J. Lannoye of Dowd Bloch Bennett Cervone Auerbach & Yokich and Michael Bauman of Pitta LLP.

The defendants are represented by Steven A. Riley, Milton S. McGee III and Elizabeth O. Gonser of Riley & Jacobson PLC and David L. Balser, Jessica P. Corley, Lisa R. Bugni and Brandon R. Keel of King & Spalding LLP.

The case is St. Clair County Employees' Retirement System v. Acadia Healthcare Co. Inc. et al., case number 3:18-cv-00988, in the U.S. District Court for the Middle District of Tennessee.



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Generac Beats Investor Suit Over COVID-Era Sales

By **Katryna Perera**

Law360 (April 30, 2026, 7:18 PM EDT) -- A Wisconsin federal judge on Thursday dismissed, with prejudice, a proposed securities class action accusing home generator company Generac Holdings Inc. and its top brass of failing to keep up with a surge in business during the COVID-19 pandemic, finding the investors failed to cure deficiencies in their prior complaint.

U.S. District Judge Brett H. Ludwig issued an **order** stating that in the operative complaint, the investors "repackage their earlier theories," but still fail to state an actionable claim or properly plead scienter, or knowledge of wrongdoing.

The suit claimed that during the proposed class period, Generac reported increased product sales driven mainly by demand for its home generators at the start of the COVID-19 pandemic. As the pandemic continued, however, Generac had trouble keeping up with orders and, despite efforts to increase capacity, its sales stalled, its orders decreased, and demand for its home standby generators declined, according to investors.

The suit claimed, among other things, that Generac and the individual defendants concealed declining close rates, which are the percentage of sales opportunities that are successfully closed.

The company's stock price then dropped dramatically after alleged corrective disclosures, losing almost 80% of its value, according to the suit.

According to the order, the operative complaint challenged as false or misleading 13 statements by the defendants during the class period, but the judge noted that 12 of the statements were included in the prior complaint and had been dismissed as inactionable.

In the operative complaint, the same issue persisted, the judge said, and the investors do not allege that any of the 13 statements were inaccurate or false.

"[The plaintiffs] have not pleaded facts sufficient to show that defendants' many statements, including those concerning [home standby generator] demand and those accurately describing the increased rates of in-home-consultations and incoming dealer orders, were misleading by the nondisclosure of close rates," the order states.

The operative complaint's allegations also fell short because none of the challenged statements "created a materially misleading picture of the HSB generator sector," and many of the suit's claims are conclusory and unsupported, the judge said.

Additionally, "the record confirms that defendants' accurate statements about positive metrics like in-home-consultations and dealer orders did not imply anything in particular about how close rates were faring, and a reasonable investor would not understand them to do so," the judge said.

The suit also failed to properly plead scienter since the investors asked the court to infer knowledge of wrongdoing, "based on a number of circumstantial factors common to the leadership of almost any publicly traded company," the order states.

The suit's scienter allegations were insufficiently particularized, according to the order, and the individual defendants' roles as Generac executives with access to critical business information were not sufficient to plead scienter, Judge Ludwig said.

"In the end, the second consolidated amended complaint fails to connect the dots again," the order states. "The various allegations do not give rise to a cogent and compelling inference of scienter."

"Instead, the competing inference — that [the individual defendants] believed that the accurate metrics they disclosed suggested the potential for increased sales, and that the lack of installation capacity and long lead times were the bigger problems facing Generac's HSB business — is more compelling," the order further states.

Thursday's dismissal follows Generac's **argument** last year that the investors' latest complaint does "very little" to cure the pleading deficiencies **previously addressed** by the court.

In a statement to Law360 on Thursday, Glenn Vanzura of Willkie Farr & Gallagher LLP, counsel for the defendants, said they appreciate the judge's "careful attention to this matter, and his thoughtful, comprehensive analysis."

"As reflected in the court's opinion soundly rejecting the unfounded claims that Generac misled investors, the company and its officers always made honest, accurate and robust disclosures about the company and the state of its business," he added.

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

The investors are represented by James E. Barz, Frank A. Richter, Michael J. Stramaglia, and Darren J. Robbins of Robbins Geller Rudman & Dowd LLP, Guri Ademi and Jesse Fruchter of Ademi LLP, Andrew T. Phillips of Attolles Law SC and Robert D. Klausner of Klausner Kaufman Jensen & Levinson.

The defendants are represented by Glenn K. Vanzura of Willkie Farr & Gallagher LLP and Jacqueline M. Vallette, Joseph De Simone and Andrew J. Spadafora of Mayer Brown LLP.

The case is City Pension Fund for Firefighters and Police Officers in the City of Tampa et al. v. Generac Holdings Inc et al., case number 2:22-cv-01436, in the U.S. District Court for the Eastern District of Wisconsin.

—Additional reporting by Sydney Price. Editing by Amy French.



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Humana Investor Suit Largely Survives Dismissal Bid

By **Emilie Ruscoe**

Law360 (May 1, 2026, 9:52 AM EDT) -- Health insurer Humana can't shed proposed class action claims it misled investors about the financial impact it would see from pent-up demand for healthcare deferred amid the COVID-19 pandemic, a Delaware federal judge has determined.

In an April 27 order in Delaware federal court, U.S. District Judge Jennifer L. Hall found that lead plaintiff SEB Investment Management AB had plausibly alleged claims under fraud provisions of the federal securities laws in the latest version of the suit, which accuses the company and its representatives of making 42 false or misleading statements about healthcare utilization cost trends during the proposed class period.

The dismissal order largely rejected Humana's arguments that the complaint should be tossed, which included the company's assertion that the suit didn't show the company made any misleading statements at all.

In the order, Judge Hall referenced a chart the plaintiff filed with their answer to the company's motion to dismiss. The chart lays out each alleged misrepresentation, why the statements were allegedly misleading and who said them when and where, the judge noted.

By identifying each allegedly misleading statement and specifying why it's misleading, the judge said, SEB alleged plausible securities fraud claims and complied with the Private Securities Litigation Reform Act.

SEB, which brought the claims on behalf of funds it manages, filed the latest version of the suit in November 2024, alleging Humana's share price dropped the month prior after it disclosed higher-than-expected utilization rates.

The suit alleged that on the heels of pandemic lockdowns and other social distancing measures, the company concealed "a surge in Medicare Advantage members seeking previously deferred medical care, which was significantly increasing healthcare utilization among the company's members."

The company allegedly failed to disclose that surge even as investors were "hyper-focused on healthcare utilization trends," the complaint states.

The company also allegedly knew or should have known that it was poised to see a decline in the quality rating it received from the Centers for Medicare & Medicaid Services, but failed to disclose that risk to investors, the suit says.

In its dismissal bid, the company claimed that "nearly every company that sells" Medicare Advantage insurance was impacted by higher than expected member medical costs in 2023, among other things.

"Plaintiff claims that defendants knew these events would occur but fraudulently misled Humana's shareholders into believing otherwise," the dismissal bid said.

Though Judge Hall largely kept the suit intact, she did toss claims SEB Investment Management AB brought on behalf of an insurance company called Gamla Liv. The insurance company sold its Humana stock before the October 2024 trading price declines at issue in the suit, and the suit doesn't show it suffered losses, the judge said.

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

The investors are represented by Jamie M. McCall, Johnston de Forest Whitman Jr., Joshua E. D'Ancona, Joshua A. Materese, Nathan A. Hasiuk, Nathaniel C. Simon, Farai Vyamucharo-Shawa, Aubrie L. Kent of Kessler Topaz Meltzer & Check LLP and Gregory V. Varallo, Andrew Blumberg and Robert F. Kravetz of Bernstein Litowitz Berger & Grossmann LLP.

Humana is represented by Robert R. Long, Elizabeth Gingold Clark and Timothy J. Fitzmaurice of Alston & Bird and Kevin M. Coen and Sara Carnahan of Morris Nichols Arsht & Tunnell LLP.

The case is In re Humana Inc. Securities Litigation, case number 1:24-cv-00655, in the U.S. District Court for the District of Delaware.

--Additional reporting by Katryna Perera. Editing by Alyssa Miller.

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Energy Co. Brass Accused Of \$58M 'Pump And Dump'

By Jarek Rutz

Law360 (April 30, 2026, 2:33 PM EDT) -- A stockholder has sued Enphase Energy Inc.'s top officers and directors in the Delaware Chancery Court, accusing them of misleading investors about weakening demand for the solar technology company's products while insiders allegedly sold more than \$58.8 million in stock and the company spent nearly \$907 million on allegedly inflated share repurchases.

In a derivative **complaint** unsealed Wednesday, Terrence Collins says Enphase's leadership hid problems tied to rising U.S. interest rates, California's NEM 3.0 solar policy, weakening European demand, Chinese competition, inventory problems and the phaseout of a federal residential clean-energy tax credit. The suit seeks damages for Enphase, governance reforms and recovery tied to alleged breaches of fiduciary duty and insider trading.

"The defendants' actions were a classic 'pump and dump' scheme designed to enrich Enphase insiders," Collins said in his complaint.

Enphase, a Delaware corporation based in Fremont, California, designs and sells solar microinverters, battery storage systems and electric vehicle chargers, mainly for residential customers. Collins says he has continuously owned Enphase common stock since Feb. 15, 2019, and brought the case on behalf of the company.

The defendants include Enphase President and CEO Badrinarayanan Kothandaraman, CFO Mandy Yang, co-founder and Chief Products Officer Raghuveer Belur, former Chief Commercial Officer David Ranhoff, Board Chair Steven J. Gomo and directors Jamie Haenggi, Benjamin Kortlang, Joseph Malchow, Richard Mora and Thurman John Rodgers. Enphase is named as a nominal defendant.

The complaint says Enphase relied heavily on the U.S. residential solar market, including California, and on growing European sales. According to Collins, the company's executives repeatedly reassured investors that California's NEM 3.0 rule changes would not cause harmful pull-forward demand, that rising interest rates would have only a negligible effect and that the European market remained strong.

California's NEM 3.0 is a revised rooftop solar compensation policy that reduced the credits new solar customers receive for sending excess power back to the grid, and the complaint says customers could still qualify under NEM 2.0 by applying for grid connection by April 14, 2023, before the new rules applied.

Collins alleges that Enphase's reassurances were misleading because company leaders knew demand was weakening. The complaint says California customers rushed to qualify under older solar rules before NEM 3.0 took effect, leaving a demand "hangover," while rising interest rates made solar loans less attractive. In Europe, the complaint says the company faced market saturation, product and service problems and Chinese competitors selling comparable products at lower prices.

The suit says the truth emerged in stages from April 25, 2023, through Oct. 28, 2025, as Enphase disclosed weaker U.S. and European demand, channel inventory problems and other setbacks. Enphase's stock allegedly fell from \$227.87 per share on April 18, 2023, to \$31.14 per share by Oct. 29, 2025.

Collins claims several insiders sold stock before the full extent of the problems was revealed. He says the alleged insider sales support a Brophy claim under Delaware law, which allows a company to seek

recovery when fiduciaries allegedly trade using material nonpublic information belonging to the company.

The complaint also challenges Enphase's stock buybacks. Collins says that between April 2023 and May 2025, Enphase repurchased about 9,976,310 shares for nearly \$907 million. Because the stock later traded at \$31.14, the suit alleges the company overpaid by about \$596 million.

Collins says he did not first ask Enphase's board to sue because a majority of the directors allegedly face a substantial likelihood of liability and therefore could not fairly decide whether to pursue claims. The complaint says the directors knew or should have known about the company's weakening business trends through board meetings, internal forecasts and detailed sales data.

"Stockholders are entitled to honest and accurate information from Enphase's officers and directors," Collins says.

The suit says the alleged conduct harmed Enphase by damaging its credibility, exposing it to related securities class actions in California federal court, inflating compensation tied to stock price and causing the company to spend money defending litigation. Collins asks the Chancery Court to hold the defendants liable to Enphase and order corporate governance and internal-control reforms.

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

Terrence Collins is represented by Peter B. Andrews, David M. Sborz, Andrew J. Peach and Jackson E. Warren of Andrews & Springer LLC and by Frank J. Johnson, Brett M. Middleton and Jonathan M. Scott of Johnson Fistel PLLP.

Counsel information for the defendants was not immediately available Thursday.

The case is Terrence Collins v. Badrinarayanan Kothandaraman et al., case number 2026-0519, in the Court of Chancery of the State of Delaware.

--Editing by Rich Mills.

Purdue's \$125M McKinsey Deal Gets OK Ahead Of Ch. 11 Exit

By **Alex Wittenberg**

Law360 (April 30, 2026, 3:33 PM EDT) -- Purdue Pharma LP on Thursday secured a New York bankruptcy judge's approval of a \$125 million agreement with McKinsey & Co. that settles claims tied to the consulting firm's work advising Purdue on the sale and marketing of opioids, clearing the way for the pharmaceutical company to exit Chapter 11 and put its \$7.4 billion bankruptcy plan into effect.



The deal approved Thursday stems from McKinsey's long-running consulting work helping Purdue market and boost sales of OxyContin. (AP Photo/Jessica Hill, File)

U.S. Bankruptcy Judge Sean H. Lane signed off on the settlement during a hearing, finding that it was "fair and equitable." The approval keeps Purdue on track with its goal of emerging from Chapter 11 on Friday, the proposed effective date of its bankruptcy plan.

"It's just flat-out reasonable," Judge Lane said of the settlement.

McKinsey agreed to pay the \$125 million to settle claims stemming from its more than decadelong consulting work for Purdue before the opioid-maker's bankruptcy filing. The payment will come in two installments, with the first disbursement of \$65 million due within a week of Purdue's exit from bankruptcy.

About \$50 million of the first payment will be distributed to personal injury claimants. The remaining \$15

million of the installment and the second installment of \$60 million will go into a trust for the benefit of state and local governments and Native American tribes, an attorney for Purdue said at the hearing.

The settlement agreement **emerged** after Purdue, the unsecured creditors committee and other parties engaged in mediation overseen by retired U.S. Bankruptcy Judge Shelley C. Chapman. The committee had a complaint ready to file against McKinsey on behalf of the estate if no resolution was reached, according to a notice filed earlier in April.

Counsel for the committee and counsel for an ad hoc committee of governmental claimants voiced their support for the deal on Thursday. An attorney for McKinsey also urged Judge Lane to approve the agreement.

"We are now on the precipice of getting this company out of bankruptcy," Purdue attorney Eli J. Vonnegut of Davis Polk & Wardwell LLP said.

In 2021, two years into Purdue's bankruptcy, Purdue, the committee and McKinsey struck a standstill agreement not to pursue legal action against one another pending a resolution. Purdue's \$7.4 billion Chapter 11 plan, which Judge Lane **approved in November**, also stated that neither Purdue nor third parties would release potential claims against McKinsey.

McKinsey in December 2024 agreed to pay \$650 million to resolve federal charges related to its work helping Purdue market and boost sales of OxyContin. Martin Eric Elling, a former partner at the consulting firm, was sentenced in May 2025 to six months in prison for obstructing an investigation into McKinsey's work with Purdue.

Elling was head of client services for a team advising Purdue in 2013 on how to boost sales of OxyContin, including ramping up marketing to doctors who aggressively prescribed the drug, according to case documents.

Following the government's investigation of Elling, Purdue and its affiliate agreed to pay more than \$600 million for misbranding OxyContin by falsely marketing it as less addictive, less subject to abuse and diversion, and less likely to cause dependence and withdrawal than other pain medications.

Purdue's then-president, general counsel and chief medical officer also pled guilty to misbranding-related charges, and they agreed to a total of \$34.5 million in fines, court papers showed.

Purdue Pharma filed for bankruptcy in September 2019. It entered Chapter 11 with a settlement framework in place, supported by two dozen states and the Sackler family, under which the owners would contribute \$3 billion and receive a release of liability from third parties.

In 2021, U.S. Bankruptcy Judge Robert Drain confirmed a version of the plan that increased the Sackler contribution to \$4.33 billion and included nonconsensual third-party releases. During the appellate process, the Sacklers pumped their contributions north of \$5 billion.

The U.S. Supreme Court in June 2024 sent the company and its major creditor constituencies back to the drawing board in a ruling that concluded nonconsensual releases were not permitted by the Bankruptcy Code.

Purdue then returned to mediation, emerging with a plan premised on a \$6.5 billion contribution from Sackler family members and a \$900 million cash contribution from Purdue.

Purdue will be dissolved as part of the plan and replaced by a public benefit company called Knoa Pharma, which will continue developing and marketing opioid addiction therapies and overdose reversal medications.

On Tuesday, a New Jersey federal judge accepted Purdue's **\$5.5 billion plea deal** more than five years after the company pled guilty to criminal charges related to its role in the opioid crisis.

Purdue is represented by Marshall S. Huebner, Benjamin S. Kaminetzky, James I. McClammy, Eli J. Vonnegut, Marc J. Tobak and Joshua N. Shinbrot of Davis Polk & Wardwell LLP.

McKinsey is represented by James L. Bernard, Sherry Millman, Elizabeth C. Milburn and Danielle Ullo of Hogan Lovells.

The official committee of unsecured creditors is represented by Arik Preis, Sara L. Brauner, Katherine Porter and Theodore James Salwen of Akin Gump Strauss Hauer & Feld LLP and Justin R. Alberto and Anthony De Leo of Cole Schotz PC.

The ad hoc committee of governmental and other contingent litigation claimants is represented by Kenneth H. Eckstein, Rachael Ringer, David E. Blabey Jr., Elan Daniels and Ashish Virmani of Herbert Smith Freehills Kramer LLP.

The case 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 Emily Lever and Carla Baranauckas. Editing by Melissa Treolo.

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Why Product-Based Public Nuisance Claims May Be Waning

By **Joshua Polster and Donovan Tate Souza** (April 30, 2026, 4:32 PM EDT)

In *Express Scripts Inc. v. Anne Arundel County*, the Maryland Supreme Court recently **held** that the licensed dispensing of a controlled substance does not constitute an actionable public nuisance under Maryland law.[1]

On March 23, Maryland's high court rejected Anne Arundel County's argument that Maryland's public nuisance law should reach the actions of pharmacy benefit managers and prescription drug distributors.

In doing so, the court declined to recognize a "public right to be free from the adverse effects associated with a lawful product being diverted, misused, or abused."

The Maryland decision is the latest in a national trend of decisions rejecting product-based public nuisance claims. State high courts in Oklahoma, Ohio and Maine have also rejected such claims.

Cutting across these decisions is a view from the high courts that social harms arising from the misuse of lawful products are more appropriately addressed by legislators and regulators than by public nuisance doctrine.

On the other hand, government plaintiffs continue to pursue other causes of action, such as negligence and consumer fraud, to recoup alleged costs of social services. Even if public nuisance litigation wanes, government litigation against companies that allegedly increase the cost of government services is likely to continue.

A pending appeal in Alaska presents another state high court with an opportunity to weigh in on the national debate.[2] In *State v. Albertsons Cos. Inc.*, the Alaska Supreme Court heard arguments early last year on whether the sale of opioid medications can constitute a public nuisance under Alaska law. A draft decision is currently in circulation among the justices.

While several public nuisance claims have recently reached high courts, others continue to be litigated in trial courts across the country.

For example, in *Earth Island Institute v. Crystal Geyser Water Co.*, the California Superior Court granted summary judgment in February to beverage companies facing public nuisance claims brought by an environmental organization on the basis that the companies contributed to pollution through single-use plastic.[3]

And this summer, in the U.S. District Court for the Northern District of California, more bellwether trials are scheduled in *In re: Social Media Adolescent Addiction/Personal Injury Products Liability Litigation*, over government entities' public nuisance claims brought against social media companies for their alleged contribution to a youth mental health crisis.[4]

Product-Based Public Nuisance Claims Historically

Government plaintiffs have previously invoked the theory of public nuisance in the product context to



Joshua Polster



Donovan Tate Souza

address community-level harms that may be difficult to fit within traditional product liability frameworks.

In the 1980s, government entities brought public nuisance claims against asbestos and lead paint manufacturers to recover costs imposed by those products on governments, such as abatement and remediation.

In the late 1990s and mid-2000s, government entities sought to hold firearms manufacturers and dealers liable under public nuisance theories for costs associated with gun violence, including emergency services and law enforcement expenditures.

These earlier public nuisance claims were often unsuccessful, with many courts finding that these product-based cases either do not involve true public rights or rest on conduct too far removed from the alleged injury.

The Maryland Supreme Court Decision

Anne Arundel County's public nuisance claim was filed in federal district court against pharmacy benefit managers and prescription drug distributors.

The county argued that the defendants caused and maintained a public nuisance by collaborating with opioid manufacturers in deceptive marketing of opioids, as well as by spurring opioid abuse by placing those opioids on health insurance plan formularies with preferred status.

The county sought reimbursement for government costs of past and future public services related to opioid misuse, such as law enforcement and addiction programs.

In January 2025, the U.S. District Court for the District of Maryland found that the case presented unsettled questions of Maryland law, and certified two questions of law to the Maryland Supreme Court:

1. Under Maryland's common law, can the licensed dispensing of, or administration of benefit plans for, a controlled substance constitute an actionable public nuisance?
2. If so, what are the elements of such a public nuisance claim, and what types of potential relief can a local government plaintiff seek when asserting such a claim?

The Maryland Supreme Court found that Anne Arundel County failed to establish that the defendants' alleged conduct unreasonably interfered with a public right, as would be required to maintain a public nuisance claim under Maryland common law.

The court cited the Second Restatement of Torts for the proposition that a public right is the right to a "public good," such as "an indivisible resource shared by the public at large, like air, water, or public rights-of-way."

The court noted that opioid medications can be beneficial and medically necessary, and declined to recognize a public right to be free from the adverse effects associated with the misuse of a lawful product. To hold otherwise, the court cautioned, would permit nuisance liability to be imposed on an endless list of manufacturers, distributors and retailers of products that have lawful uses.

The court further explained that even if the county had established an interference with a public right, the court would not recognize the public nuisance tort, given the extensive statutory and regulatory framework relating to opioid sales. The court expressed hesitancy to use its equitable powers to impose injunctive relief in a highly regulated area.

Three Other Recent High Court Decisions

The Maryland decision followed three other recent state high court rulings that rejected opioid public nuisance claims on a variety of grounds.

In 2021, in *State ex rel. Hunter v. Johnson & Johnson*, the Oklahoma Supreme Court **held** that

"Oklahoma public nuisance law does not extend to the manufacturing, marketing, and selling of prescription opioids," noting that to hold otherwise "would allow consumers to convert almost every products liability action into a public nuisance claim." [5]

Like Maryland, the Oklahoma court found that the plaintiffs had not shown an interference with a public right. The Oklahoma court further considered a factor often discussed in both the firearms and the lead paint litigation: whether the defendant manufacturer had control of its product at the time the nuisance occurred.

The court found no common law tort duty to monitor how a consumer uses or misuses a product after it is sold.

In 2024, in *In re: National Prescription Opiate Litigation*, the Ohio Supreme Court **held** that Ohio's Product Liability Act abrogated "all common-law public-nuisance claims arising from the sale of a product." [6] The act was amended in the mid-2000s, in what the court noted was an apparent response to the judicial expansion of Ohio's public nuisance doctrine.

The high court in Maine also recently rejected a public nuisance claim, although on significantly different grounds. On Feb. 6, 2025, in *Eastern Maine Medical Center v. Walgreen Co.*, the Maine Supreme Court considered a public nuisance claim brought by hospitals against opioid marketers and distributors. [7]

The hospitals asserted that the defendants' acts and omissions interfered with public health, and that public health is a cognizable right. However, the court rested its decision on the fact that the plaintiffs were private parties and needed to "show an infringement of private rights" to bring a public nuisance claim.

The Maine Supreme Court held that the alleged injuries to the hospitals were not sufficiently particular to them, and were instead "part of the broad public injury resulting from increased opioid misuse and therefore may not be addressed in a private cause of action."

On the other hand, in late 2025, in *City of Huntington v. AmerisourceBergen Drug Corp.*, the U.S. Court of Appeals for the Fourth Circuit **disagreed** with a West Virginia district court's bench decision that West Virginia public nuisance law did not police the lawful sale of products.

The West Virginia Supreme Court had previously declined to answer the Fourth Circuit's certified question on the issue: "Under West Virginia's common law, can conditions caused by the distribution of a controlled substance constitute a public nuisance and, if so, what are the elements of such a public nuisance claim?"

The Fourth Circuit then made its own prediction regarding West Virginia law, vacated the district court's judgment and remanded the case for further proceedings.

The Fourth Circuit, after considering the Maine, Ohio and Oklahoma decisions, predicted that "West Virginia's highest court would not exclude as a matter of law any common law claim for public nuisance caused by the distribution of a controlled substance." [8]

The Fourth Circuit emphasized that public nuisance under West Virginia law is "broadly defined" and found that it could include harms that do not fit within product liability theories.

According to the Fourth Circuit, "[w]hile product liability claims focus on harms specifically borne by discrete individuals seeking monetary damages for the injuries they have sustained ... public nuisance claims serve a different function in focusing on harm suffered by the public more generally."

Of note, on Jan. 29, in *City of Martinsville v. Optumrx Inc.*, the Virginia Circuit Court for the City of Martinsville followed *City of Huntington* and found that claims against pharmacy benefit managers could allege an actionable public nuisance under Virginia law. [9]

The court noted that "there appears to be little difference between Virginia and West Virginia concerning the law of public nuisance, since both states define the cause of action quite broadly."

The last four state high courts to consider product-based public nuisance claims have all rejected them. Taken together, these decisions may suggest that courts are increasingly unwilling to use public nuisance as a vehicle for policing harms associated with otherwise lawful products.

It remains to be seen whether the Alaska high court will follow suit. More will also surely be written by state high courts on the matter, as product-based public nuisance claims continue to be litigated across the country.

Underlying the recent state high court decisions is the view that large-scale social harms stemming from the misuse of lawful products are better addressed by legislatures and regulators than by the courts.

The Maryland Supreme Court, for instance, showed deference to the complex regulatory framework that governed the lawful dispensing of opioids, and noted that Congress and the Maryland General Assembly have determined that the social utility of the licensed dispensing of opioids outweighs the gravity of the harm in permitting their lawful dispensing.

The Ohio Supreme Court concluded that the task of weighing policy considerations and crafting an appropriate remedy to the opioid crisis is a matter better suited for the Ohio Legislature.

Many consumer products arguably increase the costs for governments in providing public services. The question of whether, and to what extent, those costs should be recouped or minimized via legislative or regulatory action, on the one hand, or via tort claims, on the other, may animate appellate decisions that will continue to emerge in public nuisance litigation.

Even in jurisdictions where public nuisance claims against product manufacturers and sellers are not cognizable, public plaintiffs can pursue alternative causes of action.

For instance, in 2019, in *State ex rel. Jennings v Purdue Pharma LP*, the Delaware Superior Court, Complex Commercial Litigation Division, **rejected** a public nuisance claim for reasons similar to those articulated in the recent high court decisions: Public nuisance claims have not been recognized for products in Delaware, and the state failed to allege an interference with a public right.[10]

However, the court found that the state had stated a claim with respect to negligence and consumer fraud. The court found that the state had sufficiently alleged that the opioid sellers had duties created by controlled substance and consumer protection statutes to prevent the diversion of opioids, and that defendants violated these duties through their sales practices.

While, at least in some states, public nuisance claims may decrease, governments are likely to continue to pursue cases against companies in connection with their alleged role in increasing the costs of government services.

Joshua Polster is a partner and Donovan Tate Souza is an associate at Simpson Thacher & Bartlett LLP.

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[1] *Express Scripts Inc. v. Anne Arundel Cnty.* ●, 2026 Md. LEXIS 158 (Md. March 23, 2026).

[2] *State v. Walgreen Co.* ●, No. 3AN-22-06675CI, 2024 Alas. Trial Order LEXIS 1 (Alaska Super. Ct. March 1, 2024), appeal docketed sub nom, *State v. Albertsons Cos. Inc. et al.*, No. S-19048 (Alaska April 2, 2024) (argued Feb. 18, 2025).

[3] *Earth Island Institute v. Crystal Geyser Water Co. et al.*, No. 20-CIV-01213, Minute Order (Cal. Super. Ct. March 16, 2026).

[4] *In re: Social Media Adolescent Addiction/Personal Injury Products Liability Litigation* ●, No. 4:22-

md-03047, MDL No. 3047 (N. D. Cal. 2022).

[5] *State ex rel. Hunter v. Johnson & Johnson* , 499 P.3d 719 (Okla. 2021).

[6] *In re: Nat'l Prescription Opiate Litig.* , 265 N.E.3d 1 (Ohio 2024).

[7] *E. Me. Med. Ctr. v. Walgreen Co.* , 331 A.3d 380 (Me. 2025).

[8] *City of Huntington v. AmerisourceBergen Drug Corp.* , 157 F.4th 547 (4th Cir. 2025).

[9] *City of Martinsville v. Optumrx Inc.* , No. CL18000240-00, 2026 Va. Cir. LEXIS 9 (Va. Cir. Ct. Jan. 29, 2026).

[10] *State ex rel. Jennings v. Purdue Pharma LP* , 2019 Del. Super. LEXIS 65 (Del. Super. Feb. 4, 2019).

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Google \$700M Deal Nears Approval As Judge Questions Fees

By **Bonnie Eslinger**

Law360 (April 30, 2026, 7:51 PM EDT) -- A California federal judge said Thursday he would likely give final approval to Google's \$700 million antitrust deal with states and consumers, but criticized the accompanying request for \$85 million in attorney fees, calling the 100,000 hours the consumers' counsel said they spent on the case "grotesquely bloated."



Google will likely get final approval of a \$700 million antitrust deal with states and consumers after a California federal judge said Thursday, "I don't see any reason to deny final approval." (NurPhoto via AP/Beata Zawrzel)

U.S. District Judge James Donato issued that criticism and others during a hearing in San Francisco on the plaintiffs' motion to receive final approval for the settlement. Counsel for the consumers requested an award of \$85 million and reimbursement of more than \$8.5 million in expenses they said they incurred litigating the case.

At the start of the hearing Judge Donato said the settlement itself looked "fine."

"I don't see any reason to deny final approval," he said, adding, "Let's talk about the attorneys fees now; that's a very different issue."

The judge asked if the fee only represented the hours racked up by the consumer plaintiffs' private counsel and not the work done by the states.

Co-lead counsel for the consumers, Karma Giulianielli of Bartlit Beck LLP, said yes and added that the states were not making a fee request from the settlement fund.

Judge Donato noted that the fee request represents 98,200 hours of attorney time and underscored that during the litigation, the consumer class had been **decertified**, and the case never went to trial.

"The idea that you spent almost 100,000 hours on that type of case, I just don't see it," the judge said. "It seems patently unreasonable."

Giulianelli pushed back, saying the hours represented three years of work. "Consumers took much of the laboring oar in the case throughout those three years," she said.

Giulianelli reminded the court that there was extensive discovery, two rounds of Daubert briefings, two rounds of class certification, a summary judgment bid, an evidentiary hearing, trial preparations including mock trials — all before the case settled on the eve of trial.

Judge Donato said he believed that could have been done with half of the 98,000 hours the consumers' counsel said they invested.

"I mean, 98,000, the pyramids were built in less time than it took to litigate this case," the judge said.

Giulianelli pointed out that, given the interest that has accrued on the \$700 million since the case settled two years ago, the \$85 million sought is only about 12.8% of the fund, below the usual benchmark for similar cases.

The judge later rebuffed that argument. "The benchmark is like the sentencing guidelines, purely advisory," Judge Donato said.

He also took issue with the fact that getting to the \$85 million involves multiplying the attorney fees by 1.34%. He said there's no evidence that the case is "rare and exceptional" and that the lodestar amount of fees "is so unreasonably low that a multiplier might be something to consider."

Giulianelli said the states heavily vetted the fee request and have not objected to it.

"The states have been very aggressive in policing the fee requests of private counsel in many cases," she said. "And in this case, the states firsthand observed all the work that we did."

Judge Donato said the consent of the co-party is not relevant to his decision.

"This is a grotesquely bloated amount," he said. "The multiplier, I think, is just not going to happen."

The judge said he wasn't ready to make a decision, saying he might have the parties come back before him and that in similar situations he's brought in a special master to comb through the attorney bills to "trim away the waste."

"You can't massively over staff, over bill, overwork a case, and then come in and say, 'Good news, it's within the quote-unquote benchmark,'" Judge Donato said.

Giulianelli said she has gone through the attorney hour totals and is satisfied that the work was done efficiently and without unnecessary duplication.

Before the hearing ended the judge made a few more jabs at the 98,200-hour attorney fee tab.

"Atlas himself could not lift that number of hours on his back," the judge said. He later remarked, "I can barely say it without gasping."

The deal resolves antitrust claims over Google LLC's control of the Play Store for Android apps. The suit, **filed** in 2021 by attorneys general from dozens of states and Washington, D.C., said the search giant effectively forces Android users and application developers to use its app store while collecting "extravagant" commissions on app purchases.

Alphabet Inc. and Google reached their **deal** with the state attorneys general and the proposed consumer

class in September 2023, leaving Epic Games Inc. and dating app-maker Match Group LLC to proceed at trial alone against the tech giant. **Terms** of the deal were disclosed a few months later. That settlement and another Google reached with Match left Epic to go to trial on its own against the tech giant — a battle the Fortnite developer **won**.

During a hearing over the deal in early 2024, Judge Donato **remarked** that he didn't think much of the \$700 million agreement, saying the plaintiffs "folded" with "four aces."

When the settlement first came before the court last year for preliminary approval, Judge Donato asked the plaintiffs' counsel to **review** the terms to ensure that they comport with Google Play store changes he ordered in Epic's separate lawsuit, but the judge ultimately granted preliminary approval to the deal in November 2025, saying in his order that the record indicates that the settlement "appears to fall within the range of settlements subject to approval."

After Epic's win against Google, Judge Donato in October 2024 **ordered** Google to offer third-party options for downloading apps on Android phones and banned Google from offering companies financial incentives to discourage competition with Google Play. The judge also blocked it from signing developer deals to have an app launch first or exclusively in its app store.

Google **appealed** the injunction as well as various aspects of the verdict. But in July 2025, the Ninth Circuit affirmed the lower court's monopolization findings and injunction. In September 2025, the appellate court **refused** to lift the pause that kept the mandate at bay while the tech giant sought U.S. Supreme Court intervention.

In October, the Supreme Court **declined** to stay the injunction while Google **petitioned** the high court to review the case, and shortly after, on Oct. 28, 2025, Judge Donato **denied** the parties' second request to continue the injunction deadlines.

Days later, on Nov. 4, 2025, Google and Epic informed Judge Donato they struck a **deal** to modify the court's injunction and resolve the litigation. But during a hearing Nov. 6, Judge Donato **expressed** serious doubts about the proposed settlement, and he refused to sign off on it without an evidentiary hearing.

Microsoft Corp., advocacy groups and economists have since urged the court to **reject** the deal and in early April, Judge Donato **ordered** an evidentiary hearing on the parties' proposal to revise the court-crafted injunction, saying he has concerns and warning the companies that "we're not going to keep" batting proposals back and forth.

Last month, the states submitted written support for final approval of the deal, noting that over 106 million eligible consumers received direct email notice of the settlement, a publication notice received over 70 million views — and there's been fewer than 500 opt-outs and no objections.

"Final approval of this settlement will, after five years, bring the states' case to a conclusion and provide nationwide relief to consumers harmed by Google's conduct," the states tell the court.

The consumer plaintiffs are represented by Karma M. Giulianelli of Bartlit Beck LLP and Hae Sung Nam of Kaplan Fox & Kilsheimer LLP.

The states are represented by Paula L. Blizzard, Brian D. Wang and Carolyn D. Jeffries of the Office of the Attorney General of California, Jessica V. Sutton and Sarah G. Boyce of the North Carolina Department of Justice, Jayme L. Weber of the Office of the Attorney General of Arizona, David N. Sonnenreich and Marie W.L. Martin of the Office of the Attorney General of Utah, and S. Ethan Bowers and Tyler T. Corcoran of the Office of the Attorney General of Tennessee.

Google is represented by Glenn D. Pomerantz, Kuruvilla Olas, Justin P. Raphael and Dane P. Shikman of Munger Tolles & Olson LLP, Brian C. Rocca, Sujal J. Shah and Michelle Park Chiu of Morgan Lewis & Bockius LLP, and Jessica L. Ellsworth of Hogan Lovells.

The overall case is *In re: Google Play Store Antitrust Litigation*, case number 3:21-md-02981, the consumer class action is *In re: Google Play Consumer Antitrust Litigation*, case number 3:20-cv-05761, and the state attorneys general's case is *State of Utah et al. v. Google LLC et al.*, case number 3:21-cv-05227, all in the U.S. District Court for the Northern District of California.

--Additional reporting by Bryan Koenig and Dorothy Atkins. Editing by Kristen Becker.



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J&J Says Ill. Ruling Backs Beasley Allen's DQ From Talc Suits

By **George Woolston**

Law360 (April 30, 2026, 3:39 PM EDT) -- Johnson & Johnson told a New Jersey federal court that a recent ruling in Illinois backs the Beasley Allen Law Firm's disqualification from multidistrict litigation over its talcum powder.

J&J said in a notice of supplemental authority Wednesday that a decision last week out of the Circuit Court of Cook County, Illinois, terminating the appearances of Beasley Allen attorneys in approximately 70 cases linking J&J's talcum powder to ovarian cancer supports its opposition to Beasley Allen's **appeal** of its **disqualification** from the New Jersey multidistrict litigation.

J&J noted that the Illinois circuit court expressly adopted U.S. Magistrate Judge Rukhsanah L. Singh's factual summary of the issue; concluded that former Faegre Drinker Biddle & Reath LLP lawyer James Conlan, who was once outside counsel for J&J, "associated with" Beasley Allen and firm attorney Andy Birchfield within the meaning of Rule 5.3 of the Rules of Professional Conduct; held that Rule 1.9(a) does not require a showing that confidential information was shared between Conlan and Beasley Allen; and that Beasley Allen either ordered or approved of Conlan's conduct.

"The Conlan-Beasley Allen collaboration represented 'a substantial breach and violation of the Code of Professional Conduct,' such that the court was 'left with little choice but to' terminate the pro hac vice appearances of Beasley Allen's lawyers," J&J said in its notice.

J&J said earlier this month that the New Jersey federal court should reject Beasley Allen's appeal, arguing Judge Singh correctly interpreted Rules 1.9(a) and 5.3, and that overturning the decision would shake the public confidence in both the bench and the bar, according to its brief in opposition to the firm's appeal.

Judge Singh disqualified Beasley Allen from representing hundreds of plaintiffs in the New Jersey MDL in March, holding that the firm violated ethics rules by collaborating with Conlan.

Beasley Allen has since appealed the ruling, arguing that the disqualification order is based on a misreading of New Jersey's Rules of Professional Conduct, and that disqualification will harm the firm's clients.

Earlier this month, the Alabama-based law firm pointed to a California appeals court's denial of Johnson & Johnson's bid to revoke the pro hac vice admissions of Beasley Allen attorneys in talc litigation as support for its appeal, according to court records. The firm highlighted the California court's rejection that Conlan and Beasley Allen's collaboration on a potential settlement structure gives rise to an "association" under Rule 5.3.

The New Jersey Appellate Division **disqualified** Beasley Allen from related, ongoing, multicounty litigation in Atlantic County Superior Court in February.

The appeals court held that it is clear that Beasley Allen, Birchfield and Conlan violated Rules 1.9(a) and 5.3 of the Rules of Professional Conduct because they worked together over several months for the same common purpose — to resolve the talc claims — and that the settlement proposal is the same matter that Conlan worked on as outside counsel for J&J.

Earlier this month, the Supreme Court of New Jersey **declined** to review the ruling.

A Pennsylvania state court has also **booted** the firm from representing consumers in nine cases that link J&J talcum powder to ovarian cancer.

In a recent statement, Birchfield said that the firm was disappointed in the Illinois court's decision.

"While we disagree with the Chicago court's decision and will appeal immediately, our advocacy does not end here," said Birchfield. "The California Court of Appeals' decision to deny Johnson & Johnson's appeal clears the way for trial to begin Monday in Los Angeles. We continue to represent women and families in certain other states, where we will press forward to hold Johnson & Johnson accountable."

A spokesperson for J&J declined to comment Thursday.

Beasley Allen and Birchfield are represented by Jeffrey M. Pollock of Pollock Law LLC and David C. Frederick and Ariela M. Migdal of Kellogg Hansen Todd Figel & Frederick PLLC.

The steering committee is represented by Christopher M. Placitella of Cohen Placitella & Roth PC and Michelle A. Parfitt of Ashcraft & Gerel LLP.

The J&J parties are represented by Peter G. Verniero, Michael S. Carucci and Stephen A. Moran of Sills Cummis & Gross PC, Stephen D. Brody of O'Melveny & Myers LLP, Jessica L. Brennan of Barnes & Thornburg LLP, Kristen Fournier of Kirkland & Ellis LLP and Susan M. Sharko of Faegre Drinker Biddle & Reath LLP.

The multidistrict litigation is In re: Johnson & Johnson Talcum Powder Products Marketing, Sales Practices and Products Liability Litigation, case number 3:16-md-02738, in the U.S. District Court for the District of New Jersey.

--Additional reporting by Emily Sawicki and Jake Maher. Editing by Bruce Goldman.

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Judge Gives \$27M Settlement Final Nod In DuPont PFAS Case

By **Jonathan Capriel**

Law360 (April 30, 2026, 10:36 PM EDT) -- A New York federal judge has granted final approval to a \$27 million deal between DuPont and the Hoosick Falls residents who claimed the company's chemicals contaminated their drinking water for years, damaging their property values and leaving toxic levels of "forever chemicals" in their blood.

Judge Mae A. D'Agostino on Wednesday **approved** the settlement between E.I. DuPont de Nemours & Co. and a class of Hoosick Falls, New York, residents. The lawsuit, originally filed in 2016, alleged DuPont sold perfluorooctanoic acid, or PFOA, -laced products to nearby manufacturers, who released the chemical into the environment, contaminating the municipal water supply and private wells.

Testing revealed PFOA levels in the water supply exceeding 600 parts per trillion, which is far above state and federal safety limits, the suit said. The settlement creates a \$27 million fund for property owners and funds a medical monitoring program. No class members objected or opted out, according to the court order.

DuPont was the final remaining defendant in the case, which had included Saint-Gobain Performance Plastics Corp., 3M Co. and Honeywell International Inc., all of whom were dismissed from the case after reaching a **\$65 million settlement** in 2021.

Days before a trial was set to begin, DuPont and the class announced in July 2025 that they had reached a deal.

The plaintiffs are collectively represented by James J. Bilsborrow and Robin L. Greenwald of Weitz & Luxenberg PC, Stephen Schwarz and Hadley L. Matarazzo of Faraci Lange LLP and Gerald Williams of Williams Cedar LLC.

DuPont is represented by John M. Johnson, Lana A. Olson, Jeffrey P. Doss and M. Elizabeth Harrison of Lightfoot Franklin & White LLC, Benjamin W. Hill and Allee Von Stackelberg of Capezza Hill LLP and Andrew D. Carpenter of Shook Hardy & Bacon LLP.

The case is Baker et al. v. E.I. DuPont de Nemours and Company, case number 1:16-cv-00917, in the U.S. District Court for the Northern District of New York.

--Additional reporting by Mike Curley. Editing by Linda Voorhis.

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