

DC Judge Set to Hold Hearing on Elon Musk's Effort to Settle \$150M SEC Suit for \$1.5M

Before approving a consent decree that would have Elon Musk paying \$1.5 million to resolve a Biden-era enforcement action, the court must consider "the legality of the decree, whether it resolves the claims in the complaint, and whether it was tainted by improper collusion or corruption," U.S. District Judge Sparkle Sooknanan wrote in a minute order.

May 11, 2026 at 04:41 PM By **Alyssa Aquino**



Elon Musk. Credit: Steve Jurvetson via Wikimedia Commons

Lawyers for Elon Musk and the U.S. Securities and Exchange Commission must appear in the Washington, D.C., federal court to explain a settlement that would have the world's richest man paying \$1.5 million to resolve allegations of underpaying Twitter investors by \$150 million.

U.S. District Judge Sparkle Sooknanan of the District of Columbia ordered the parties to appear on May 13 as she considers whether the settlement is "fair, adequate, reasonable and appropriate," according to an entry in the case docket.

She will also consider "the legality of the decree, whether it resolves the claims in the complaint, and whether it was tainted by improper collusion or corruption," according to the minute order.

"The D.C. Circuit has directed that 'prior to approving a consent decree a court must satisfy itself of the settlement's overall fairness to beneficiaries and consistency with the public interest,'" the

judge said.

A spokesperson for the SEC declined to comment on Monday. Counsel for Musk didn't immediately respond to a request for comment.

The minute order was issued on May 8, only a few days after the SEC and Musk—through his Quinn Emanuel Urquhart & Sullivan legal team—announced they had reached a settlement resolving a closely watched lawsuit against Musk.

The 11-page complaint alleged [a single count](#) of violating a federal rule requiring parties that acquire more than 5% of a public company's stock to publicly disclose the purchase and whether the transaction was meant to help them obtain a controlling stake in the company.

The SEC alleged that Musk delayed filing this disclosure, but continued purchasing stock. After amassing more than 9% of the company, he disclosed his ownership, which had stocks leaping by over 27%.

The SEC claimed the delay allowed Musk to save \$150 million. In [a separate case](#) unfolding in New York, investors claim the delay saved Musk \$200 million. If approved by Sooknanan, the settlement will have a revocable trust in Musk's name paying \$1.5 million.

John Reed Stark, an attorney who worked at the SEC for nearly 20 years but is not connected to the case, found the hearing's calling to be unusual, especially in light of a March 4 hearing held after Sooknanan denied a motion to dismiss the suit. There, Sarah Concannon, an attorney for Musk, informed Sooknanan that there was progress in discussions to resolve the case.

"Unfortunately, my colleagues at the SEC were not fully read in on that," Concannon said, according to the court transcript, which Stark has posted on his LinkedIn page.

"Your colleagues at the SEC were not read into discussions to resolve the case?" the judge asked. She asked once more about the issue, before saying she wouldn't press for specifics at the time.

The judge, Stark said, could be concerned of a potential communication issue that could raise ethical violations.

But Stark also acknowledged that the upcoming May 13 hearing could be routine practice for Sooknanan or her particular court. Alternatively, Sooknanan could just be treading carefully based on the high-profile nature of the matter, Stark said.

Whatever the reasoning, Stark cautioned keeping a close eye on the settlement.

“If she rejects this settlement, this will shake up the building top to bottom,” he said. “It will dramatically impact the way the trial unit does business.”

The case was filed in the final days of the Biden administration and survived the change of administrations, despite the new SEC’s changed enforcement priorities.

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Meta Sued by Santa Clara County for Allegedly Enabling Billions of 'Scam' Ads on Platforms

Santa Clara County Counsel Tony LoPresti sued Meta Platforms Inc. and subsidiary Instagram LLC in California state court on Monday for allegedly facilitating a massive consumer fraud scheme involving "up to 15 billion" scam advertisements on its social media platforms, Facebook and Instagram.

May 11, 2026 at 06:29 PM By  **Kat Black**



Meta sign, logo in front of Facebook headquarters on 1 Hacker Way. Credit: Michael Vi/Shutterstock.com

What You Need to Know

- Santa Clara County Counsel Tony LoPresti sued Meta and Instagram for allegedly facilitating up to 15 billion scam ads on their platforms.
- According to the complaint, scammers use Meta's own tools and promoted "business partners" to perpetuate fraudulent ad schemes.
- Meta was sued in December 2025 by the U.S. attorney general for the Virgin Islands on similar claims.

Santa Clara County Counsel Tony LoPresti sued Meta Platforms Inc. and subsidiary Instagram LLC in California state court on Monday for allegedly facilitating a massive consumer fraud scheme involving "up to 15 billion" scam advertisements on its social media platforms, Facebook and Instagram.

LoPresti filed the [complaint](#) on behalf of the people of the state of California in Santa Clara Superior Court, alleging violation of the False Advertising Law and California's Unfair Competition Law. Bernstein Litowitz Berger & Grossmann, Bishop Partnoy and Renne Public Law Group are serving as LoPresti's outside special counsel.

"I think one of the reasons that we're taking on this case in Santa Clara as civil prosecutors is because we're in Silicon Valley," said LoPresti in an interview.

"Even though I think we've really been the beneficiaries of the wealth that Big Tech has brought into the region, we also really view it as part of our duty to make sure we're holding Big Tech accountable. And when you look at the incredible scale of the misconduct here ... it's really baffling to us that we haven't seen Meta make the kind of marked changes in its conduct to comply with the law and basic ethical standards."

The complaint alleged that Meta actively profits from the approximately 15 billion scam ads that it allows on its platforms, from which it derives an estimated \$7 billion annually in revenue. Instead of putting a stop to ads that it detects as fraudulent, it said, Meta charges scammers a "penalty bid" to run them, unleashing a deluge of competing scam ads and hiking up prices for legitimate advertisers.

Scammers allegedly deploy a suite of Meta's own artificial intelligence-powered tools—which can quickly generate "4,000 different versions of an ad"—to create and refine their ads.

"Meta promotes these tools to improve ads and enhance user engagement, but they can and do also produce misleading ad content: A Reuters reporter trying out these tools declined to post the variants of his ad that they produced, determining that the AI-generated ads were materially more misleading than original drafts and therefore violated Reuters' policy against making false statements," the complaint said, citing a December 2025 [investigative article](#) by Reuters.

"Supposedly vetted" business partners that help scammers to post ads, promoted by Meta as "trusted experts," also proliferate on Facebook and Instagram, it said.

Another factor that helps perpetuate scam ads on the Meta platforms is "algorithmic steering," said Avi Josefson, a partner at Bernstein Litowitz serving as LoPresti's outside special counsel in the case, in an interview.

"In addition to Meta's AI tools that actually create and improve ads, Meta's algorithmic steering takes the data that Meta has about its users, what their preferences are, what their likes are, ads and content with which they've interacted in the past, and steers ads to people based on that information," said Josefson.

"What's really insidious about that in the context of scams is that somebody who's already clicked on one scam ad, whether advertising an investment scam or advertising some unregulated medicine, they're going to get fed more of those ads because they've interacted with that type of content."

According to a news release from the Santa Clara County Counsel office obtained by The Recorder, the action is the first of its kind to be filed in California and "the first brought by a local civil prosecutor in the nation."

In December 2025, the U.S. attorney general for the Virgin Islands [sued](#) Meta for allegedly posing safety threats to children and accused the platform of "facilitating, failing to address, and richly profiting from widespread fraud on its platforms." The complaint cited information from a November 2025 investigative [report](#) by Reuters finding, through a review of internal documents, that Meta "projected 10% of its 2024 revenue would come from ads for scams and banned goods."

A Meta spokesperson said in an emailed comment that LoPresti's claim is predicated on Reuters reporting that "distorts our motives and ignores the full range of actions we take to combat scams every day."

According to a [news release](#) published on the Meta website, the company "recently participated in a major disruption operation with global law enforcement agencies, resulting in Meta investigators disabling over 150,000 accounts associated with scam center networks and also contributing to 21 arrests made by the Royal Thai Police."

In March, it said, Meta also debuted new tools protecting against scams on its Facebook, Messenger and WhatsApp platforms and signed the [Industry Accord Against Online Scams and Fraud](#) at the United Nations Office on Drugs and Crime [Global Fraud Summit](#) in Vienna, Austria.

"We aggressively fight scams on and off our platforms because they're not good for us or the people and businesses that rely on our services," the spokesperson said. "We removed over 159 million scam ads last year alone, launched new tools to protect people and partnered with law enforcement around the globe to disrupt these criminals. We will fight this lawsuit."

Mo gets \$91M+ from Purdue Pharma opioid settlement



[legalnewsline.com/stlouis-record/mo-gets-91m-from-purdue-pharma-opioid-settlement/article_704eea63-b593-43b7-84bd-6d6d4cfeeb91.html](https://www.legalnewsline.com/stlouis-record/mo-gets-91m-from-purdue-pharma-opioid-settlement/article_704eea63-b593-43b7-84bd-6d6d4cfeeb91.html)

Kyla Asbury, Chris Dickerson

May 12, 2026

Missouri Attorney General Catherine Hanaway
Courtesy photo

JEFFERSON CITY — A \$7.4 billion settlement with Purdue Pharma and its owners, the Sackler family, has officially gone into effect, marking a major milestone in nearly a decade of legal action tied to the opioid crisis. Missouri is expected to receive more than \$91 million as part of the agreement, Attorney General Catherine Hanaway announced.

The settlement resolves extensive litigation against Purdue and the Sacklers for their role in producing and aggressively marketing opioids, actions that contributed to what officials describe as the largest drug crisis in the nation's history.

Funds from the agreement will be distributed to communities across the country, as well as to individual victims and other claimants involved in bankruptcy proceedings.

"For too long, parents, children and communities across our state have borne the heartbreaking costs of the opioid epidemic," Hanaway said in a statement.

"Purdue Pharma's actions have harmed countless consumers, and this settlement brings accountability and a measure of justice for the victims of this devastating crisis."

She added that her office will continue efforts to protect consumers and support Missouri families.

Missouri's share of the settlement totals \$91,333,005.76.

Most of the funds are expected to be distributed within the first three years, with the remainder paid out over 15 years.

The Sackler family is contributing more than \$1.5 billion immediately, followed by approximately \$500 million in May 2027, another \$500 million in May 2028, and \$400 million in May 2029.

Purdue Pharma is also providing approximately \$900 million upfront.

The agreement follows years of legal challenges and negotiations.

Attorneys general from across the country launched a multistate investigation into Purdue in 2016 and Missouri filed its own lawsuit in 2017.

Purdue later filed for bankruptcy in September 2019 amid mounting litigation.

State attorneys general played a leading role in the bankruptcy proceedings, including renegotiating terms after the United States Supreme Court invalidated provisions of a prior settlement in June 2024.

The revised agreement secured additional financial contributions from the Sackler family.

In total, 55 attorneys general representing all eligible U.S. states and territories signed onto the settlement.

The funds are intended to support addiction treatment, prevention, and recovery programs nationwide, as well as broader public health responses to the opioid epidemic.

Valerie Huhn, Director of the Missouri Department of Mental Health, noted the importance of the funding for state and local efforts.

"The opioid epidemic has taken an enormous toll on the citizens and communities of Missouri," Huhn said. "These settlement dollars directed to state and local governments are extremely important to support the public health responses like expanded treatment and prevention programs."

The settlement includes several additional provisions aimed at accountability and transparency.

The Sackler family is permanently barred from selling opioids in the United States.

Purdue and the Sacklers are also required to make public more than 30 million documents related to their opioid business, providing insight into past practices.

As part of the agreement, Purdue's manufacturing operations have been transferred to a new entity, Knoa Pharma.

The company will be overseen by an independent board of directors with no prior connection to Purdue.

The settlement prohibits Knoa from marketing opioids and establishes an independent monitor to ensure medications are provided in a manner that minimizes the risk of misuse and diversion.

Missouri's involvement in the settlement was coordinated by Assistant Attorney General Rebecca Pinto and Paralegal Linda Ruegge.

Class Counsel in \$7.25B Roundup Settlement Ask for \$675M in Legal Fees

The fee request, which is 9.3% of the settlement fund, is "quite modest," according to class counsel Eric Holland.

May 11, 2026 at 04:22 PM By  **Amanda Bronstad**



Garden supply store shelf with containers of RoundUp weed killer. Credit: Sheila Fitzgerald/Shutterstock.com

What You Need to Know

- 22nd Judicial Circuit Court Judge Timothy Boyer, in St. Louis, is set to decide whether to grant final approval of the Roundup settlement, including the fees, on July 9.
- The fees would compensate class counsel for more than 18 months of negotiations with Monsanto, represented by Gibson, Dunn & Crutcher and Wachtell, Lipton, Rosen & Katz.
- Under the settlement agreement, lawyers other than class counsel may submit applications within 90 days of final approval for a share of the fees.

Class counsel who crafted a \$7.25 billion settlement over Monsanto's Roundup are asking a Missouri judge to approve \$675 million in legal fees.

The fee request is 9.3% of the settlement fund, according to the May 7 filing in 22nd Judicial Circuit Court in St. Louis, where Judge Timothy Boyer preliminarily approved the deal earlier this year. He is set to decide whether to grant final approval, including the fees, on July 9.

That's far less than the benchmark for class action fees in Missouri, which is one third of the settlement fund.

"The fee request is quite modest," class counsel Eric Holland of Holland Law Firm in St. Louis, Missouri, told Law.com. "We've had fund cases where the percentage request is an order of magnitude higher than what's requested here."

The fees would compensate class counsel for more than 18 months of negotiations with Monsanto, represented by Gibson, Dunn & Crutcher and Wachtell, Lipton, Rosen & Katz.

"This is a litigation here that's gone on now to its 11th year with literally no end in sight," Holland told Law.com. "Multiple attempts have been made at resolution in the past, and those have gone in fits and starts. If this is as successful as I think it should be, we believe it's an earned fee on the basis of the outcome we've achieved."

Monsanto, owned by Bayer, and class counsel [filed the Missouri settlement](#) on Feb. 17 ahead of the U.S. Supreme Court's decision in *Durnell v. Monsanto*—a Roundup case that they argued 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 last month.

That Supreme Court decision, and the prospect of a potential Monsanto bankruptcy, were cited in class counsel's fee request.

"The result is all the more significant given the risks confronting the class, including a potential adverse preemption ruling by the United States Supreme Court on failure-to-warn claims," class counsel wrote. "In addition, Monsanto's financial condition created a real possibility that prolonged litigation could impair or even eliminate meaningful recovery."

The Roundup settlement provides a range of compensation amounts, from \$10,000 to \$165,000, to those who were diagnosed with non-Hodgkin lymphoma or will be in the future. The deal also differentiates amounts based on how aggressive the cancer is and whether the claimant was exposed at work or at home.

Monsanto already has paid \$500 million and plans to fund nearly \$3 billion within the first five years of the settlement, with class members receiving payments for 17 years.

“By any measure, the result here is extraordinary,” class counsel wrote in their fee request. “Class counsel secured a settlement providing up to \$7.25 billion in cash, which is one of the largest class recoveries ever and the largest in Missouri history.”

A Monsanto spokesperson wrote in an emailed statement, “We are aware class counsel made a fee application on the date required by the court’s preliminary approval order. We look forward to moving ahead with the settlement process.”

‘I Would Expect Applications’

The settlement has prompted pushback from many plaintiffs’ firms, including Weitz & Luxenberg’s Robin Greenwald in New York and David Dickens of The Miller Firm in Orange, Virginia, who are co-lead counsel in the Roundup multidistrict litigation in the Northern District of California. Greenwald and other firms [moved to intervene](#) prior to Boyer’s preliminary approval, asking for more time to review the settlement.

Then, she and other firms [filed an injunction motion](#) before U.S. District Judge Vince Chhabria, who is overseeing the Roundup multidistrict litigation.

Chhabria, while recognizing “many substantive and procedural concerns” about the settlement, [refused to intervene](#) in a case that was not before him.

“The agreement, even if it were to receive final approval from the state trial court and then somehow survive appellate review, would not prevent this court from exercising its authority over the cases in this federal MDL,” he wrote in a May 6 order. “At that point, current or future plaintiffs in this MDL will be free to contend that the settlement does not bind them.”

Greenwald did not respond to a request for an interview.

Holland is class counsel with Chris Seeger of Seeger Weiss in Ridgefield Park, New Jersey. Others are Ketchmark and McCreight in Kansas City, Missouri; Motley Rice in Mt. Pleasant, South Carolina; Los Angeles-based Waters Kraus Paul & Siegel; and Houston’s Williams Hart & Boundas.

The fee request does not specify how much would go to which firm. Under the settlement agreement, lawyers other than class counsel may submit applications within 90 days of final approval for a share of the fees, but no attorney can receive them unless he or she puts in writing that “having exercised his or her independent judgment, he or she believes the settlement agreement to be fair and will make or has made best efforts to recommend the settlement agreement to his or her clients.”

The settlement agreement also prohibits attorneys seeking fees from representing Roundup clients who opt out of the deal, other than “25 pre-existing clients who elect to opt out despite the attorney’s recommendation.”



On May 5, Peter Kraus, a Dallas partner at Waters Kraus, and Walt Cubberly of Williams Hart each filed notices that 25 of their “pre-existing” Roundup clients would opt out of the deal, despite their recommendations that they participate in it—then withdrew those notices one day later.

Neither Kraus nor Cubberly responded to requests for interviews on their filings.

The fee request also doesn’t indicate whether some of the fees would compensate plaintiffs’ lawyers who already have contingency fee contracts with their Roundup clients and spent considerable money litigating their cases.

Holland said lawyers who provided a “meaningful contribution” to the Roundup litigation could apply for a share of the fees.

“I would expect applications,” he told Law.com.

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California Brief

Meta, Google Fail to Escape Data Leak Suit Over Android Flaw

May 11, 2026, 3:21 PM PDT

Meta Platforms Inc. and Google LLC failed to win dismissal of a proposed class action alleging that Meta exploited a vulnerability in Google's Android operating system to unlawfully track and collect users' private information.

The plaintiffs adequately pleaded claims against Meta of intrusion upon seclusion, invasion of privacy, and violations of the Electronic Communications Privacy Act, the wiretapping and eavesdropping provisions of the California Invasion of Privacy Act, and the California Comprehensive Computer Data Access and Fraud Act, Judge Rita F. Lin of the US District Court for the Northern District of California said Monday.

They also adequately pleaded negligence claims against Google, Lin said.

The plaintiffs alleged in a consolidated complaint that Meta developed a way to collect users' data without their knowledge or consent even when they weren't logged into their Facebook account on the web.

Meta allegedly found out how to track users by listening to communications passing through a smart phone's internal ports and linking them to unique identifiers it transmitted through the ports. Meta's actions allegedly circumvented technical norms about sandboxing protections on Android phones, and it made changes to the technique over time to evade detection and the operating system's efforts to block it, it said.

The technique was discovered and made public by security researchers in 2025, leading to a public outcry and a statement from Google that Meta had violated the terms of service of its Google Play market place and the privacy expectations of users, the complaint said. Meta then announced it intended to "pause" its use of the technique, the complaint said.

Meta argued in a motion to dismiss that the lawsuit failed because it had disclosed its data-collection practices to users in its privacy policy, but Lin found that the disclosure policy could reasonably be read as not covering the full extent of Meta's data-collection practices.

Their invasion-of-privacy and intrusion-upon-seclusion claims survived because their allegations of surreptitious data collection supported a belief that Meta's practices were highly offensive to a reasonable person, she said.

Their wiretapping and eavesdropping claims under ECPA and CIPA survived because they adequately pleaded that Meta intercepted the contents of their communications during transmission, she said.

Their negligence claims against Google survived because they adequately pleaded that Google had a duty to protect their information and because it was foreseeable that negligently designing software with inadequate data safeguards could harm users, she said.

Lin dismissed their claims against Meta of unjust enrichment and violations of CIPA's pen-register provisions, and their claims against Google of negligent misrepresentation.

Bursor & Fisher PA, Milberg PLLC, Lieff Cabraser Heimann & Bernstein LLP, and Ahdoot & Wolfson PC represent the plaintiffs and the proposed class. Latham & Watkins LLP represents Meta. Quinn Emanuel Urquhart & Sullivan LLP represents Google.

The case is In re Meta Android Privacy Litig. , N.D. Cal., No. 3:25-cv-04674, order filed 5/11/26 .

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Judge allows Meta privacy claims over Android tracking allegations to proceed

DJ [dailyjournal.com/articles/391353](https://www.dailyjournal.com/articles/391353)

U.S. District Judge Rita F. Lin allowed privacy claims against Meta to proceed based on allegations the company links users' Android browsing data to their social media accounts.

Meta's advertising business, which includes the Meta Pixel product used by third parties, compiles data from pixel tracking into a profile of each customer. The plaintiffs -- represented by Milberg PLLC, Bursor & Fisher PA, Lieff Cabraser Heimann & Bernstein LLP and Ahdoot & Wolfson PC -- say the company developed a way to match users' data profiles with their social media accounts even when they aren't logged in. They also allege Google, named as a co-defendant, was negligent for not closing the loophole Meta exploited.

While the companies can easily track users' data through the web when the user isn't logged in to social media, the plaintiffs say the company stores an identifying tag on the users' device which it can then access from other apps or when the user isn't logged in to social media.

Since the company doesn't disclose this to users, they say, the practice violates California's Invasion of Privacy Act, Wiretap Act and constitutional right to privacy. Lin allowed most of the claims to move forward but dismissed a claim for unjust enrichment and one brought under the pen register provision of CIPA. In re: Meta Android Privacy Litigation, 3:25-cv-04674 (N.D. Cal., filed June 3, 2025).

Meta, represented by Latham & Watkins, argued that users consent to Meta's privacy and cookie policies, which disclose that they collect data and match it with users' social media accounts. But Lin found that its wording was vague enough that a reasonable consumer could argue they didn't expect Meta to use a backdoor method that matches user information across different apps.

"Meta's Privacy Policy is 'plausibly understood' as 'not disclosing' that it would perfectly match Android browsing activity to Meta accounts by opening a backdoor to users' Facebook and Instagram apps... Plaintiffs could have reasonably believed instead that Meta's matching would be imperfect, limiting the scope of their consent to matching occurring through the standard Pixel's operation and not that of the Modified Pixel," Lin wrote.

Meta also argued that the data collected didn't meet the "highly offensive" standard required for intrusion upon seclusion and invasion of privacy claims to move forward, but Lin disagreed.

Lin allowed most of the plaintiffs' wiretap and CIPA claims to move forward, ruling that browsing information is akin to protected communication, and found that plaintiffs plausibly pled that Meta acted without permission, in violation of the California Comprehensive Computer Data Access and Fraud Act. But Lin ruled plaintiffs failed to show that collecting IP addresses violates a CIPA provision against the use of pen register surveillance devices, throwing out that claim with leave to amend.

The judge allowed a negligence claim against Google to move forward but dismissed a negligent misrepresentation claim.

#391353

Daniel Schrager

Judge approves \$303M settlement for NCAA volunteer coaches

DJ [dailyjournal.com/articles/391351-judge-approves-303m-settlement-for-ncaa-volunteer-coaches](https://www.dailyjournal.com/articles/391351-judge-approves-303m-settlement-for-ncaa-volunteer-coaches)

A federal judge on Monday approved a \$303 million settlement benefiting so-called volunteer coaches, including \$90 million in attorneys' fees.

U.S. Senior District Judge William B. Shubb approved the settlement from the bench after a brief hearing. Justin P. Raphael, representing the National Collegiate Athletic Association as a partner with Munger, Tolles & Olson LLP in San Francisco, raised no objections. *Ray v. National Collegiate Athletic Association*, 1:23-cv-00425-WBS-CSK (E.D. Cal., filed March 21, 2023).

Under the deal reached in November, about 7,700 coaches will receive about \$39,000 each before fees. They filed an antitrust claim three years ago claiming that schools engaged in illegal price-fixing by offering them only so-called "volunteer" coaching positions. Many worked long hours in the hope of obtaining paid coaching work later, something most never achieved.

Representing the plaintiffs, Dennis J. Stewart noted that the complaint followed a successful case brought by assistant college baseball coaches. Shubb approved a \$49.25 million settlement in that case in September. *Smart v. National Collegiate Athletic Association*, 2:22-cv-02125-WBS-CSK (E.D. Cal., filed Nov. 29, 2022).

But Stewart, a partner with Gustafson Gluek PLLC in San Diego, said the second case was far larger and more complex, involving coaches in all 50 states.

"We had 44 sports to deal with, not one sport," Stewart said.

He added, "Your Honor, I would just point out that in cases under the Clayton Act, which this one is brought under, there are automatic treble damages after a successful verdict of damages in favor of the plaintiffs. So, the amount of the settlement is actually quite a bit below what the plaintiffs would have gotten had they gone to trial." announced his approval from the bench

Stewart detailed how the settlement had been structured so that coaches at bigger, higher-revenue schools would receive more, in line with what they would have been paid under a functioning market.

"We use the lowest paid coach as a reference point at that school, in that sport, in that year... You will not have somebody saying, 'Well, I coached at UCLA and that was a better program than Sonoma State or someplace else and I should get more money,'" he said.

Stewart also urged Shubb to approve the settlement so payments could begin. He said some class members were being approached by "third-party purchasers" attempting to buy their shares for "low-ball amounts" of as little as 15% of their value.

The class representatives will receive an additional \$25,000 each. The named plaintiff, Shannon Ray, was a track-and-field coach at Arizona State University from 2019 to 2021.

#391351

Malcolm Maclachlan

Judge trims class claims in LA sewer rate lawsuit

DJ [dailyjournal.com/articles/391348](https://www.dailyjournal.com/articles/391348)

Jonathan M. Rotter of Glancy Prongay Wolke & Rotter

A Los Angeles judge allowed putative class claims over the city's sewer rate increases to move forward, but barred plaintiffs from pursuing class allegations tied to the city's handling of public records requests.

In a ruling last Friday, Superior Court Judge Theresa M. Traber found that the named plaintiff could continue pursuing class claims challenging the legality of the city's 2024 sewer rate hike under California constitutional limits on local taxes and fees but could not pursue Public Records Act claims on a classwide basis.

At the heart of the order are two recent appellate decisions addressing the scope of the Public Records Act.

In this case, Glancy Prongay Wolke & Rotter attorneys Jonathan M. Rotter and Kenneth Chang, representing ratepayer Mark Shapiro, argued the city engaged in a broader pattern or practice of delaying responses to records requests tied to sewer rate increases that should be actionable on a classwide basis.

The city, represented by Colantuono Highsmith & Whatley shareholder Holly O. Whatley and the City Attorney's Office, argued the state's Public Records Act (CPRA) permits only individual claims brought by the specific requester seeking records, and sought to strike the class claims from the amended complaint.

In siding with the city, Traber wrote that while the California Supreme Court's decision in *City of Gilroy v. Superior Court* (2026) expanded the availability of declaratory relief under the Public Records Act, "Gilroy says nothing about standing to assert CPRA violations on behalf of another, the key point in [*Di Lauro v. City of Burbank* (2025)] relevant here."

Traber added that while *Di Lauro* holds that class actions are not available under the Public Records Act, "That holding was not displaced by *Gilroy*. The Court must therefore follow *Di Lauro*."

The lawsuit stems from a Los Angeles ordinance that approved a multiyear increase in sewer service charges after a Proposition 218 hearing in August 2024. According to the complaint, the first increase raised a typical, single-family, bi-

monthly, sewer bill from roughly \$75 to about \$92, with projected increases reaching approximately \$155 by 2028. *Shapiro v. City of Los Angeles*, 25STCV04179 (L.A. Super. Ct., filed Feb. 14, 2025).

Shapiro alleges the increases violate Proposition 218's cost-of-service restrictions and, alternatively, Proposition 26's voter-approval requirements governing local fees and taxes.

The complaint also alleges the city failed to timely respond to multiple Public Records Act requests seeking records related to the sewer rate studies and supporting financial data.

According to court filings, Shapiro submitted those requests toward the end of 2024 and alleged the city repeatedly delayed production, including by initially producing a PDF version of a spreadsheet before later providing the underlying Excel file months afterward.

The city countered that all requested records were ultimately produced and argued the Public Records Act claims turn on individualized circumstances surrounding each request. In its motion, the city argued that evaluating such claims would require the judge to examine "the specifics of each request, the city's response, and examine the circumstances justifying the time it took the city to produce documents responsive to each request."

Traber agreed that Gilroy decision broadened the availability of declaratory relief in some Public Records Act disputes involving ongoing agency practices but concluded it did not alter existing authority prohibiting representative claims.

Citing prior precedent, the judge wrote that the statute "provides neither explicit nor implicit authority for one person to enforce another's inspection rights."

The ruling leaves intact the broader putative class claims challenging the sewer rate increases themselves.

In January, Traber struck Shapiro's original Public Records Act-related class allegations with leave to amend after the plaintiff argued he could plead a broader pattern or practice theory based on alleged systematic delays in responding to records requests.

The amended complaint attempted to bolster those allegations by citing data from the city's centralized NextRequest system and argued the delays reflected ongoing agency practices rather than isolated disputes over individual requests.

In last week's ruling, Traber concluded the revised allegations were still insufficient and struck the related claims without further leave to amend.

The city must respond to the complaint within 10 days of the order. A further status conference is scheduled for June 4.

#391348

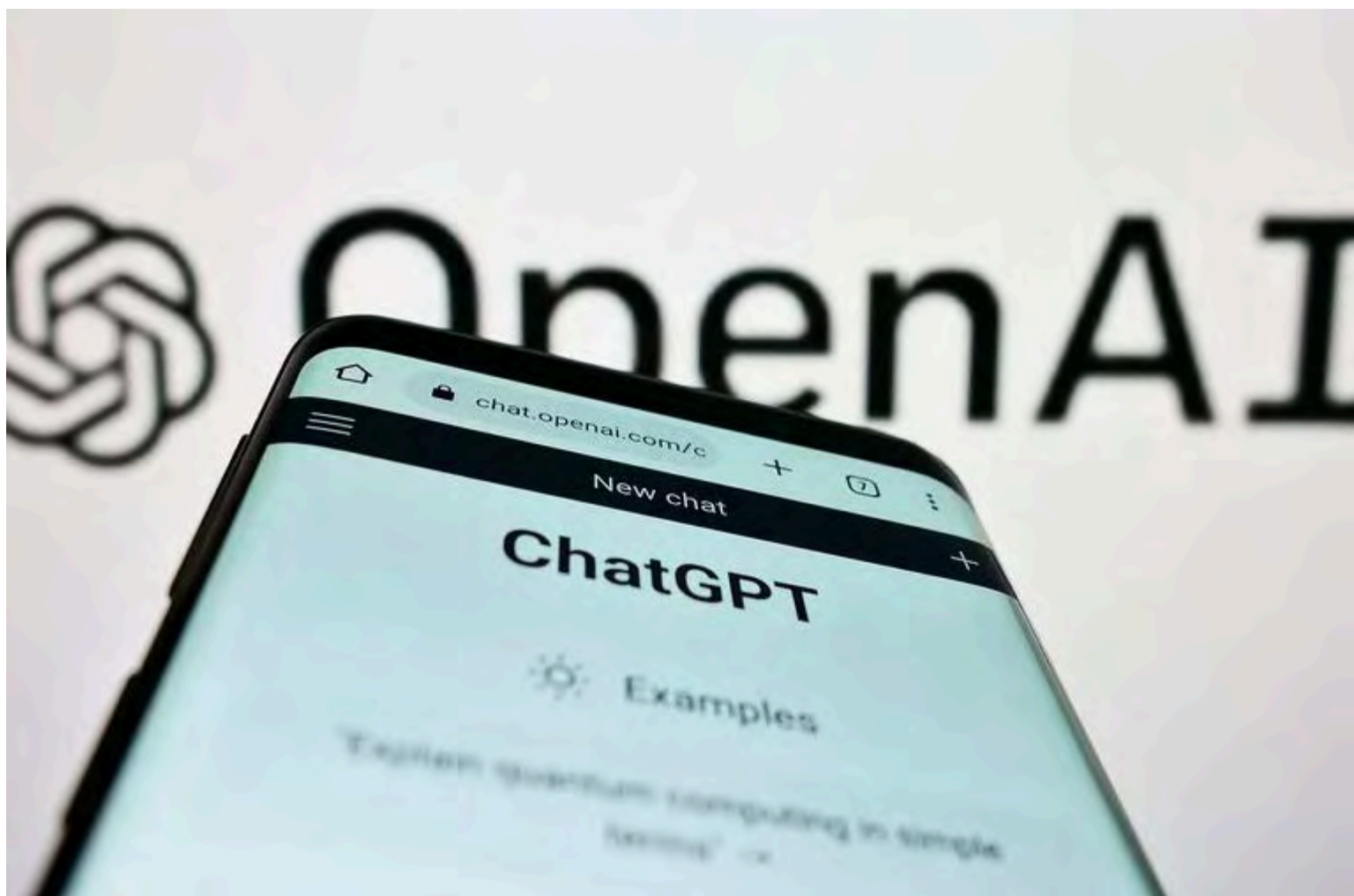
Devon Belcher

News | **Artificial Intelligence**

Analysis: OpenAI Sued Over ChatGPT's Alleged Role in FSU Shooting

"Unfortunately, I think this is just the beginning," a products liability and personal injury attorney not involved in the litigation told Law.com.

May 11, 2026 at 02:44 PM By **Annie Mayne**



Credit: Timon/Adobe Stock

The widow of man killed in a shooting on Florida State University's campus has filed suit against OpenAI and the alleged gunman, claiming ChatGPT helped the suspect plan and carry out the attack.

And now, the dispute will likely turn on whether the plaintiff can successfully mount a products liability case—or if the defense can persuade the court ChatGPT is not a product.

The [complaint](#), filed Sunday in the U.S. District Court for the Northern District of Florida, comes less than two weeks after OpenAI and CEO Sam Altman were named in [a slew of litigation](#) filed in

California by Edelson PC stemming from a February school shooting in British Columbia.

And it hits as OpenAI faces both a criminal investigation from Florida Attorney General James Uthmeier tied to the FSU shooting and a [threat](#) of litigation from the family of another FSU shooting victim.

Sunday's lawsuit appears to be the first alleging artificial intelligence aided a shooting on an American campus.

But an attorney not involved in the litigation told Law.com Monday it likely won't be the last.

"Unfortunately, I think this is just the beginning," said Michael Haggard, managing partner of The Haggard Law Firm and expert in products liability and personal injury litigation.

Haggard, who regularly represents victims of gun violence, said he believes the "copycat" nature of violent actors means that ChatGPT will continue to come up in litigation tied to mass shootings.

"When you look at the copycat nature of mass shootings, it's really unbelievable. ... Now that it's out there, people using chatbots to get advice, I think it's going to be the start of a huge trend in these types of shootings," he said.

The new lawsuit will likely center on whether ChatGPT is a product, as the complaint asserts, or a platform, which is how Haggard said OpenAI might look to classify its bot as part of the defense strategy.

It's similar to the arguments that have been raised in recent [social media litigation](#), and [claims](#) that the shooter who carried out the 2022 racially-motivated massacre in Buffalo was radicalized by social media.

But Haggard doesn't think that strategy will succeed in court for OpenAI.

"[ChatGPT] may not be the same as a tire," he said, "but it is a product."

'ChatGPT Inflamed and Encouraged Delusions'

Plaintiff Vandana Joshi is the widow of Tiru Chabba, an executive of an FSU hospitality vendor who was killed while visiting the campus on business. The April 2025 shooting also claimed the life of FSU dining coordinator Robert Morales and wounded several others.

Joshi claims the suspected gunman, who is set to go on trial in Leon County this fall, engaged in hundreds of conversations with the chatbot, many of which showed indicators of violent behavior, but none of which triggered human review or law enforcement intervention.

The complaint claims the alleged shooter uploaded photos of the weapons he used in the attack to ChatGPT, which replied with instructions and tips for best use. That includes a step-by-step guide on how to load a shotgun, allegedly given to the suspected shooter while he sat in FSU's parking garage just moments before firing the first round.

ChatGPT told him which part of campus would be busiest and when, the suit claims, and answered his questions about which types of mass shootings garner the most media attention and the fates of those who perpetrate them.

The bot responded encouragingly, the lawsuit alleges, and without triggering any real-time risk detection.

This alleged lack of a safeguard is just one of the bot's alleged defects, the suit claims.

And along with allegedly failing to adequately warn the public that the bot—which has become almost as ubiquitous as the internet itself, the suit claims—is not the "helpful, neutral, and safe tool" which OpenAI advertises, but something that "poses an unreasonable risk of harm to the public."

The suspect's messages also contained antisemitic, racist and Christian nationalists beliefs, the suit says, which ChatGPT allegedly did not flag.

"ChatGPT inflamed and encouraged [the suspected shooter's] delusions; endorsed his view that he was a sane and rational individual; helped convince him that violent acts can be required to bring about change; assisted him by providing information that he used to plan specifics like what weapons to use and how to use them; and generally provided what he viewed as encouragement in his delusion that she should carry out a massacre, down to the detail of what time would be best to encounter the most traffic on campus," the complaint alleges.

J. Robert Bell III, partner at Osborne, Francis & Pettis Law Firm, and attorney for Joshi, declined to provide comment when reached by phone Monday.

OpenAI Inc., 10 related corporate entities and the suspected shooter are the named defendants.

The OpenAI defendants face several strict products liability claims alleging negligent design, defective design and failure to warn; negligence claims; and a wrongful death claim. The accused gunman faces a battery claim.

FSU, Altman and Microsoft are not named defendants, though the suit claims Microsoft used its position as an investor and shareholder to pressure OpenAI developers to "churn out increasingly advanced products faster in favor of disregarding the OpenAI Foundation's safety mission."

Also not party to the suit is the family of Morales, the slain dining coordinator.

Ryan Hobbs, shareholder at Brooks, LeBoeuf, Foster, Gwartney, & Hobbs told Law.com in an interview [last month](#) that he planned to file a suit with products liability and wrongful death claims on behalf of the Morales family by the end of April. Hobbs did not return requests for comment on the status of the case by publishing time Monday.

An OpenAI spokesperson did not return a request for comment about Joshi's suit Monday. A company spokesperson told Law.com last month that it reported the ChatGPT account tied to the suspected FSU shooter to law enforcement after the attack and stated that OpenAI has been cooperating with investigators since.

"Our hearts go out to everyone affected by this devastating tragedy. After learning of the incident in late April 2025, we identified a ChatGPT account believed to be associated with the suspect, proactively shared this information with law enforcement and cooperated with authorities. We build ChatGPT to understand people's intent and respond in a safe and appropriate way, and we continue improving our technology," an April statement emailed to Law.com reads.

OpenAI has been named in other wrongful death and products liability suits, several tied to suicides. But the recent litigation arising from the Canadian school shooting and the FSU attack appear to be the first that link AI to mass casualty events.

Uthmeier's probe also appears to be the first criminal investigation into AI's alleged role in a mass shooting.

"[I]f ChatGPT were a person," the attorney general [said](#) last month, "it would be facing charges for murder."

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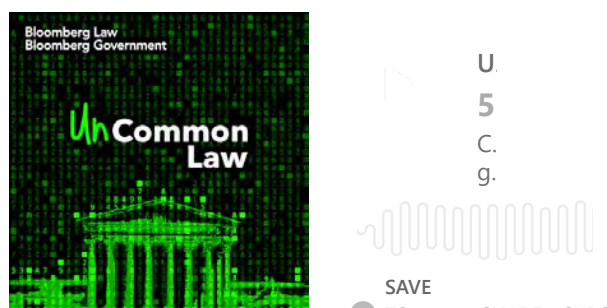
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OpenAI Sued for Wrongful Death of Florida State Shooting Victim

May 11, 2026, 6:29 AM PDT

The shooter, Phoenix Ikner, planned the attack with assistance provided by ChatGPT over several months. Tiru Chabba's widow Vandana Joshi said in complaint filed Sunday in the US District Court for the Northern District of Florida. Joshi is seeking an unspecified amount of damages for herself and her two minor children. Chabba, who worked for a food service vendor at the school, was one of two people killed in the April 17, 2025 shooting.

Florida has already opened a probe into OpenAI's role in the tragedy. State Attorney General James Uthmeier (R) announced last month that his office was sending criminal subpoenas to the company as part of a novel investigation into whether a chatbot could be criminally liable for use in a mass shooting.



According to Joshi's complaint, Ikner engaged in lengthy discussions with ChatGPT that should have allowed the product to gain insights into his interests, state of mind, political ideologies, and obsession with guns and mass shootings. Chat logs showed Ikner frequently talked about Nazis, fascism, and different groups' perceptions of "Jews" and "Blacks," she said.

California Brief

Analysis

How Will AI Shock Retirement Plans and Their Fiduciaries?

May 12, 2026, 1:30 AM PDT

AI is changing the practice of tax law. This series examines the ethical, legal, and practical implications of AI across key areas of tax practice.

This is a two-part article on the current and possible future effects of the AI boom on single-employer, multiple-employer, and multiemployer retirement plans.

The AI boom is usually framed in terms of semiconductor demand, hyperscale capital expenditure, and the race to build ever-larger models. Retirement plans are unlikely to encounter the story first in any of those forms, but rather through administration, fiduciary process, and workforce change. That makes the subject less dramatic than the public debate, but in legal and economic terms no less important. For retirement plans, AI is not simply another technology trend. It's a force that may reshape how plans are administered, how long participants remain in the workforce, how contributions accumulate, and how retirement promises are financed.

The effect is also unlikely to be uniform across plan structures. Single-employer plans will feel AI first through service providers, committee oversight, cybersecurity, and participant-facing tools. Multiple-employer arrangements, especially pooled employer plans, are more likely to absorb AI through centralized providers that can spread technology and compliance costs across many employers. Multiemployer plans are in another position, because their economics depend not just on plan administration but on the continued flow of collectively bargained employer contributions. In other words, the same technology boom may present a governance problem for one plan, a scale opportunity for another, and a funding question for a third.

Part 1 of this two-part article discusses the current effects of AI on retirement plans that are operational, fiduciary, and uneven across plan types.

Part 2 will examine how these early operational changes may develop into deeper workforce, funding, and retirement timing. AI is already inside the employee-benefits system. Jackson Lewis says AI technologies are being integrated into plan management and operations, including personalized participant communications and the processing of loans, hardship withdrawals, and domestic relations orders. Melissa Ostrower and Joseph J. Lazzarotti, *Harnessing AI Under ERISA: A Compliance and Oversight Guide for Retirement and Health Plan Fiduciaries*, Benefits Law Advisor (July 29, 2025). Nixon Peabody likewise describes AI as a foundational tool in employee-benefits management and points to uses such as eligibility verification, claims adjudication, payroll reconciliation, anomaly detection, and tailored participant outreach. Eric Paley, Lena Gionnette and Jen Squillario, *AI in Benefits Administration: Opportunities and Oversight*, Nixon Peabody (Oct. 31, 2025).

The most important present-tense consequence therefore isn't hypothetical automation sometime down the road. It's that fiduciaries are already dealing with AI-assisted operations, whether or not they label them that way. For single-employer plans, especially larger 401(k) plans and corporate pension plans with formal committees and deep vendor rosters, AI first arrives as a governance problem. Foley & Lardner's 2024 analysis of AI in 401(k) plans stresses that the key ERISA issue is process: AI can produce unreliable or biased outcomes when data are limited, outdated, or skewed; it may struggle with black-swan events and qualitative judgment; and lawsuits are likely to focus less on whether fiduciaries adopted AI than on whether they followed a documented process for evaluating it. Michael Abbott, Aaron K. Tantleff, and Cullen J. Werwie, *Generative Artificial Intelligence (AI) and 401(k) Plan Fiduciary Implications*, Foley & Lardner (Apr. 17, 2024). That point deserves emphasis. ERISA committees don't get credit merely for being technologically current. They get judged on whether they can explain what a tool does, what risks it introduces, and why its use was prudent in the first place.



That immediately broadens the due-diligence agenda for single-employer plans. Jackson Lewis advises fiduciaries to understand how AI-based decisions are made, to avoid uncritical reliance on black-box systems, to validate outputs regularly, and to build AI risk management into plan governance and vendor oversight. Nixon Peabody similarly says employers should understand how models are built and maintained, what data sources are used to train them, how accuracy is validated, and how exceptions are reviewed, while structuring vendor relationships to permit ongoing monitoring and documentation. In practical terms, AI turns ordinary service-provider review into something closer to model-risk review. A plan sponsor that once asked whether a vendor was competent and reasonably priced must now ask whether the vendor's system is explainable, auditable, and appropriately bounded.

Cybersecurity is the second immediate effect, and it may become the most expensive one. Foley's 2026 discussion of AI and employee-benefits cybersecurity notes that Employee Benefits Security Administration's updated cybersecurity guidance makes clear that the Department of Labor views cybersecurity as an ERISA fiduciary responsibility. Kelsey O'Gorman and Iris Grossman, *Cybersecurity in the Age of AI: Best Practices for Employee Benefits Administration*, Foley & Lardner (Mar. 18, 2026). AI may improve fraud detection and anomaly spotting, but it also expands data exposure, system interconnections, and the attack surface around sensitive participant information. The result is not a simple pro- or anti-AI story. It's a fiduciary tradeoff: plans may face more scrutiny both for adopting AI without sufficient controls and for failing to consider AI tools that materially strengthen account security.

Litigation risk is also changing now. Foley warned in 2024 that AI may be used to sue plan sponsors and fiduciaries, with claims attacking the fiduciary decision-making process or the opacity of AI-driven recommendations. Nixon Peabody adds a related caution on record creation, noting that AI-generated records of committee meetings may be discoverable and may contain inaccuracies or statements taken out of context, making manually prepared minutes the safer course. For single-employer plans, then, the first legal effect of AI isn't a new statutory duty. It's the intensification of old duties under conditions where more operational choices are data-driven, more vendors are embedding AI into core services, and more potential plaintiffs can use the same tools to scrutinize plan conduct.

Multiple-employer arrangements, especially pooled employer plans, or PEPs, are likely to experience AI differently because the cited legal guidance is focused on centralized provider structures. Ropes & Gray explains that a PEP allows an employer to outsource most plan-related administrative tasks and fiduciary responsibilities to third-party professionals, especially the pooled plan provider, while also using scale to reduce fees and administrative burden. Allie Alperovich and David A. Kirchner, *Pooled Employer Plans (PEPs): Putting a Little PEP in a 401(k) Retirement Plan Could Help to Protect Your Portfolio Companies*, Ropes & Gray (Apr. 19, 2022); David A. Kirchner, Elliot Saavedra, *Revisiting Pooled Employer Plans (PEPs): A Cost-Effective, Low-Risk Solution for Providing Retirement Plan Coverage (Part I)*, Ropes & Gray (Jan. 22, 2024). Mayer Brown similarly notes that participating employers may be attracted to the fiduciary protections of a PEP, even though they still retain responsibility for selecting and monitoring the pooled plan provider and any other named fiduciary. Erin K. Cho, Richard E. Nowak, Hillary E. August, and Susan P. Carlson, *US Department of Labor Solicits Feedback and Provides Guidance to Smaller Employers on Pooled Employer Plans*, Mayer Brown (Aug. 11, 2025). The natural implication is that AI will often reach smaller and midsize employers through the pooled provider's operating stack rather than through bespoke employer-level experimentation.

That does not make the employer passive. Ropes & Gray's 2025 discussion of DOL guidance on PEPs says participating employers can substantially reduce exposure when the pooled plan provider assumes full responsibility for selecting and retaining an investment manager, but the employer still must prudently choose and monitor the provider structure itself. Allie Alperovich, David A. Kirchner, Joshua A. Lichtenstein, Jonathan M. Reinstein, *DOL Sheds Light on the Fiduciary Responsibilities That Arise with Pooled Employer Plans PEP s*, Ropes & Gray (July 30, 2025). In other words, AI may make pooled arrangements more attractive because scale can support better participant communications, recordkeeping workflows, fraud detection, and data analysis. But the basic legal discipline remains recognizable: The employer must still ask whether the provider deserves trust, whether the provider's incentives are aligned, and whether the technology actually improves outcomes without creating opaque new risks.

Multiemployer plans stand apart because their central vulnerability is not only administrative error but deterioration in the contribution base. Proskauer describes withdrawal liability as the obligation that can arise when an employer stops contributing to a multiemployer pension plan, and it explains that these plans are collectively bargained arrangements funded by contributions under collective bargaining agreements. Lowenstein Sandler similarly explains that a multiemployer plan is maintained by various unrelated employers that contribute on behalf of a unionized workforce, and Morgan Lewis's 2026 analysis of AI in labor relations identifies workforce intelligence, collective-bargaining strategy, compensation monitoring, and employee-engagement tools as high-impact AI use cases. *Proskauer Benefits Brief: Withdrawal Liability—What It Is and Why It Matters*, Proskauer Rose (Jan. 13, 2026); Andrew E. Graw, Taryn E. Cannataro, and Jessica I. Stewart, *Multiemployer Pension Plans: Mitigating Risk in the Context of a Business Transaction*, Lowenstein Sandler (Feb. 22, 2024); Harry I. Johnson, Nicole A. Buffalano, Kelcey J. Phillips, and John F. Ring, *How AI Will Fundamentally Reshape Work in Labor Relations*, Morgan Lewis (Mar. 20, 2026). For multiemployer plans, the current AI story is therefore less about chatbots and more about whether AI begins changing the organization, bargaining, and deployment of covered labor.

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Securities

John Quinn Says Timing of His Firm Leadership Exit Is 'Logical'

May 11, 2026, 1:52 PM PDT

John Quinn has been celebrating the 40th anniversary of the law firm he founded by expounding on what he has learned running it all these years. Sunday, he seemed to give one more lesson: Don't be sentimental about your exit.

He abruptly resigned from the executive committee at Quinn Emanuel Urquhart & Sullivan in a five-sentence email to firm partners on Mother's Day morning. He'll remain a partner at the firm and have a non-executive chair title.

"Some recent events make now an opportune time" to step away, Quinn told his partners in the email obtained by Bloomberg Law. "So I am resigning from Execom and relinquishing my managerial responsibilities effective today."

On Monday, Quinn said the "recent events" he was referring to were the four years since he named Mike Carlinsky and Bill Burck as co-managing partners, noting their elevation in May 2022. The timing of his exit, he told Bloomberg Law in an email, is "logical."

"I am spending more time traveling globally, and this will free me to do more of that," Quinn told Bloomberg Law. "I am freer now and am resolved to double down on practice and growth."

Quinn, 74, has been a major presence in Big Law after founding what became the world's largest litigation firm, with more than 1,300 lawyers and nearly \$3 billion in revenue last year. His departure is unlikely to change the trajectory of an operation that has grown so much that it isn't overly reliant on any one person.

In recent years, the litigators driving the firm's top line have included Burck, Carlinsky and Alex Spiro, the lawyer for Elon Musk, Jay-Z, former New York Mayor Eric Adams and others. A founder who has called law firm management a "misnomer," Quinn empowered Carlinsky and Burck to run the firm.

The duo have ambitious growth plans. In an article published the same day Quinn resigned from leadership, Carlinsky said he could envision headcount growing to 1,500 lawyers in two years. That's roughly a one-third increase.

In an interview published last month, Quinn summed up his view of their work: "So far, so good." (He also said, "I'm not going anywhere.")

Blunt Approach

In announcing his leadership departure to his partners, Quinn took his typical blunt, direct approach—not even bothering to fix a typo in his message. "My sole forcus (sic) will be to work tirelessly to grow our firm to even greater heights," he told partners.

He invited conversations from them. In his Monday email to Bloomberg Law, he said, "The level of my contact with and interaction with partners will not change." He added, "My hopes for the firm are that it will continue to grow and have tremendous success – as I expect it will."

Quinn's interests in recent years have expanded beyond practicing law or running a law firm.

He has launched a podcast that he says has been downloaded more than 1 million times. He's promoted the firm's program housing artists in its offices (which have space available due to the firm's lack of an in-office work requirement). And he has traveled the globe as he's become something of an expert on Asian disputes jurisdictions. (He sees India as a growing source of legal work for top firms, for instance.)

In that way, he stands out from lawyers who have never found, or perhaps never looked for, other outlets for their passions.

Some founders of successful law firms often work into their 80s or 90s. Marty Lipton, the 94-year-old cofounder of Wachtell, Lipton, Rosen & Katz, is still involved at his firm. David Boies, who crossed paths with Quinn at Cravath, Swaine & Moore before founding Boies Schiller Flexner, stepped down from management in his mid-80s after years of false-start succession planning.

Around that time in 2024, Boies appeared on Quinn's podcast, where the two discussed how Boies' firm had backed away from a discussion about merging with Quinn Emanuel decades ago.

"You let us down gently," Quinn told Boies.

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Law firm Keller Postman appeals sanctions in Tylenol injury cases

 [reuters.com/legal/government/law-firm-keller-postman-appeals-sanctions-tylenol-injury-cases-2026-05-11](https://www.reuters.com/legal/government/law-firm-keller-postman-appeals-sanctions-tylenol-injury-cases-2026-05-11)

Mike Scarcella

May 11, 2026

Tylenol for sale at a Walmart store in Valley Stream, New York, U.S., November 6, 2025. REUTERS/Kylie Cooper [Purchase Licensing Rights, opens new tab](#)

WASHINGTON, May 11 (Reuters) - National U.S. plaintiffs law firm Keller Postman has appealed a judge's decision on Friday sanctioning it and one of its founders for allegedly misusing confidential information in lawsuits alleging the pain-reliever acetaminophen caused autism in children.

The firm appealed to the 2nd U.S. Circuit Court of Appeals on Saturday, a day after U.S. District Judge Denise Cote in Manhattan [ruled, opens new tab](#) that Keller Postman and co-founder Ashley Keller breached court orders by using confidential documents in federal acetaminophen litigation to back their legal arguments in related state court cases in Florida and Texas.

Keller Postman [has argued, opens new tab](#) that it did not violate confidentiality orders, and has said no confidential information was publicly disclosed.

"We strongly disagree with the Court's decision, and will seek reversal as expeditiously as possible in the Second Circuit," Keller Postman said in a statement on Monday, adding that the firm will "obey all court orders while vigorously advocating" for its clients.

Tylenol maker Kenvue ([KVUE.N](#)), [opens new tab](#), a defendant in the litigation, and a lawyer for the company did not immediately respond to requests for comment. Keller Postman has served as co-lead counsel for plaintiffs in [federal litigation in Manhattan](#) since 2022 against Kenvue and retailers that sold store-brand acetaminophen. Kenvue has said repeatedly that Tylenol is safe.

Cote on Friday ruled that Keller Postman in a related lawsuit in Florida state court improperly quoted from 11 pages of emails that had been designated as confidential in the federal case in Manhattan. The firm had told the state court that the material was confidential and should be sealed, but the court declined to seal the submission.

The judge said Keller Postman in the [related Texas lawsuit](#) willfully used material that was deemed confidential in the federal case. Keller Postman is working as co-counsel with the Texas attorney general's office in the Texas case.

Cote rejected arguments by Keller Postman that filing materials under seal or in redacted form in Texas complied with an order in the federal litigation restricting

disclosure of information.

As a sanction, Keller Postman was ordered to pay legal fees to Kenvue and to show Cote's order to every lawyer working on the federal litigation and related lawsuits.

The case is In re Acetaminophen - ASD-ADHD Products Liability Litigation, U.S. District Court, Southern District of New York, No. 1:22-md-03043-DLC.

For plaintiffs: Ashley Keller of Keller Postman

For Kenvue: Jessica Brennan of Barnes & Thornburg

[Judge rejects Kenvue bid to dismiss Texas lawsuit over Tylenol safety](#)

[Judges question dismissal of private Tylenol lawsuits; Kenvue shares fall](#)

[Texas judge in Tylenol case won't block Kenvue's \\$398 million dividend payment](#)

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NewsRoom

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May 12, 2026

Who is Andy Wilson, and will he abandon the
FirstEnergy prosecution in Ohio's biggest scandal?

Today in Ohio; cleveland.com

Ohio Attorney General Dave Yost's decision last week to skip out on the last six months of his term raised a question: Would Gov. Mike DeWine name a replacement who stood behind the prosecution of former FirstEnergy execs in the state's corruptions scandal?

DeWine filled the job Monday, but the big question remains unanswered, and Today in Ohio podcast hosts say that's troubling.

The criminal retrial of former FirstEnergy executives Chuck Jones and Michael Dowling is scheduled for September, after the first trial ended in a hung jury. But DeWine made no mention of the trial is naming Andy Wilson to the job, and Wilson was non-committal about his plans. He said he wanted to talk to his staff before making a decision.

That's a non-answer on one of the most consequential prosecutions in Ohio history.

"If they drop those charges, it'll tell you everything about how state government works,"* podcast host Chris Quinn said Tuesday.

DeWine praised Wilson for his record as director of Ohio's Department of Public Safety. But podcast hosts noted that DeWine did not offer the reassurance to Ohio ratepayers that he had no discussion about the FirstEnergy case with Wilson. DeWine has ties to FirstEnergy. He had a now infamous dinner with Jones in the thick of the corruption case, although the governor has never been incriminated in any of FirstEnergy's criminal activity.

Quinn said he wished DeWine had walked up to the podium and stated plainly that he had not spoken to Wilson about the FirstEnergy case and had no intention of influencing it. Instead, Ohio got a carefully choreographed press conference that celebrated Wilson's résumé and said nothing about the elephant in the room.

Then there's the matter of Yost himself. His early departure — without explanation — is itself a story that deserves answers. As Quinn put it, Yost owes it to the voters who elected him to explain why he's walking away early. That explanation has yet to come.

Listen to the episode here.

Listen to full "Today in Ohio" episodes where Chris Quinn hosts our daily half-hour news podcast, with Editorial Board member Lisa Garvin, Impact Editor Leila Atassi and Content Director Laura Johnston.

---- Index References ----

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Securities

Manage Newsletters

Matt Levine's Money Stuff: eBay Won't Play With GameStop

May 12, 2026, 10:52 AM PDT

Games

The problem with GameStop's bid to buy eBay is that it's half cash, half stock. GameStop, a company with \$9 billion of cash and a stock market capitalization of about \$10 billion, wants to pay \$28 billion of cash and \$28 billion of stock for eBay, a company with a stock market capitalization of about \$48 billion. The cash is more or less fine; GameStop's Canadian bank is "highly confident" that it could raise the money. And the problem with the stock is not that a \$10 billion company can't issue \$28 billion of stock: Technically GameStop *can't* (it doesn't have [enough authorized shares](#)), but that is a solvable problem, and there is no general rule that a company can't issue more shares than its current market value. If the stock market says you are worth \$10 billion, but you want to issue stock to acquire a \$28 billion asset, then your stock market value after the acquisition should be \$38 billion, fine.

The problem is that, in issuing \$28 billion of stock to buy eBay, GameStop would essentially be issuing \$28 billion of eBay stock. Current eBay shareholders would get shares of a combined GameStop/eBay that is almost all eBay. The enterprise value of eBay is something like \$51 billion, including debt. The enterprise value of GameStop, meanwhile, is *less* than \$10 billion, because it has \$9 billion of cash. (It has about \$4.4 billion of debt, for an enterprise value of about \$5.7 billion.) You can think of GameStop's \$10 billion market capitalization as being made up of (1) \$5 billion of net cash plus (2) \$5 billion of GameStop. GameStop successfully converted its meme-stock status, over time, into actual cash, which is good. But if it *gives eBay that cash* in the acquisition, then you are combining a \$5 billion video game retailer with a \$51 billion internet company. Virtually all of the value in that company is eBay's business, not GameStop's.

And so if you are an eBay shareholder, the proposition being offered to you is something like "you can continue to be an eBay shareholder, but in a weird way." Specifically:

1. You'll get a levered recap of eBay: eBay will borrow \$20 billion and pay it out to shareholders.
2. You'll keep your shares of eBay: Roughly half of your investment will be cashed out in the levered recap, but the rest of it will stay in the company. "The company" here is almost entirely eBay, but technically GameStop will be folded into it too.
3. The new eBay-with-a-little-GameStop will have a slightly different *business* model than the old eBay. Still mostly eBay, but now you'll be able to ... go to GameStop stores to get your collectibles graded to sell on eBay? "A national network for authentication, intake, fulfillment, and live commerce," GameStop has proposed. Sure!

4. It will also have very different *management*: Ryan Cohen, GameStop's chief executive officer, would take over as CEO of the combined company.

5. It will also have, perhaps, somewhat different stock price trading dynamics. In that GameStop has historically been a meme stock and eBay has not.

In other words, the appeal of this deal to shareholders is not its stated dollar value, not what they would get in a deal. The appeal of this deal to shareholders is (1) Ryan Cohen's management and (2) meme-stockery. Is that appealing? I dunno. In its offer letter, GameStop made the case that its managers would cut costs and run eBay more efficiently than current management, and that they have some track record of doing that at GameStop. The meme-stock stuff is more implicit. We [talked last week](#) about Cohen listing his socks for sale on eBay to help finance the deal. You won't get that sort of creative ... financing? publicity stunt? ... from a standalone eBay.

GameStop is really offering eBay shareholders nothing except Cohen. They would not be bought out at a premium; they would just get a leveraged recap (which eBay could do on its own if it wanted to, and probably more easily than GameStop could) and shares of their own company run in a somewhat zanier way. A lot of people would take that deal! GameStop shareholders, for instance! I spend a lot of time around here writing about meme stocks, and I am not going to discount the value of zaniness in corporate finance.

Other people, though, would not take that deal. eBay's board, [for instance](#) :

eBay Inc. rejected a \$56 billion takeover offer from GameStop Corp. Chief Executive Officer Ryan Cohen, describing the unsolicited bid as "neither credible nor attractive."

eBay's board turned down the offer after taking into account "uncertainty" around the financing plan, the operational risks involved and GameStop's governance, Chairman Paul Pressler said in a letter addressed to Cohen. Pressler also cited GameStop's executive incentives and a takeover's potential impact on eBay's long-term growth.

Here is eBay's press release, which contains Pressler's rather curt letter to Cohen. The proposal is not "credible" because of "the uncertainty regarding your financing proposal," and it is not "attractive" because of "the impact of your proposal on eBay's long-term growth and profitability," "the leverage, operational risks, and leadership structure of a combined entity," and "the resulting implications of these factors on valuation." Cohen's proposal involves giving eBay shareholders (1) \$28 billion of cash, which he doesn't have, and (2) \$28 billion of stock in their own company, which – eBay says – would be worth less under his plan.

Also for some reason eBay published Cohen's "highly confident letter" from TD Securities (USA) LLC, in which TD asserts its confidence that, if GameStop did acquire eBay, TD could raise \$20 billion of investment-grade (?) debt to finance the transaction. Lots of hostile takeovers used to get done on highly confident letters, but they're somewhat out of fashion these days and I'm not sure I've ever read one. Now targets tend to expect commitment letters from banks. In the cold light of 2026, I am not sure that this letter should make you highly confident that the deal could actually be financed. It did not have that effect on eBay's board.

What next? One possibility is “lol never mind”: Nobody seemed to be all that serious about this takeover, we all had a good laugh, and now eBay has rejected it. GameStop bought almost 5% of eBay’s stock before announcing its proposal, and is probably sitting on a nine-figure profit at this point. (Its purchase price is not disclosed, and almost all of its 22.2 million shares are owned synthetically using derivatives, but it entered into at least half of those derivatives on March 4, when eBay was trading at around \$91.03; the stock closed at \$108.13 yesterday. Even if you assume an average purchase price of \$100, you get a paper profit of about \$180 million.) It could sell those shares at a nice profit and go home. In general, it is frowned upon to buy stock in a public company, announce a fake takeover, and then sell the stock at a profit, but I think the facts here are benign enough – the takeover proposal has a veneer of reality, and the stock is mostly not up *because* of it – that it’s fine.

The other, much funnier possibility is :

The rejection leaves Cohen with the option to try to pursue a proxy fight to replace eBay board members, a move that could take more than a year. He had previously said he’s prepared to take his plan straight to shareholders should the board turn down his offer.

No? I mean, I *hope* he’ll do this, but I doubt it. If you are looking for zaniness, then GameStop running a proxy fight to take over a company 10 times its size is pretty much what you want. As a financial columnist I am always looking for zaniness, and I gather that GameStop shareholders are too. eBay shareholders, maybe not.

Oh, elsewhere, yesterday GameStop disclosed that it will ask its shareholders to authorize issuing up to another 1.5 billion shares, which would maybe (?) cover the eBay transaction. “The Board is requesting the Authorized Shares Amendment to enable the Board to issue additional shares of common stock for general corporate purposes,” GameStop says, so I suppose eBay is not exactly top of mind.

Compute futures

The basic economics of artificial intelligence are:

1. Utilities, real estate developers, chip manufacturers and big tech companies will spend trillions of dollars to build computing infrastructure.
2. They will rent this computing infrastructure to small teams of recent graduate students who met each other six weeks ago and just raised a billion dollars of venture capital.
3. The small teams of recent grad students will build AI tools to do stuff – cure cancer, allocate capital, replace all professional knowledge work, enslave humanity, whatever – that generates trillions of dollars of value, which will be more than enough to pay back the trillions of dollars invested in the infrastructure.

Or not – maybe this is a mistake and a bubble and the data centers will ultimately sit empty, monuments to our collective folly – but let's just assume it's correct. If it's correct then it all *works*, at a societal level: Money goes in, it builds productive assets, the productive assets make profits, money goes out. The return on investment is attractive, so the investments should get made.

But the weak link is the recent graduate students. The weak link is that if you are a developer building an AI data center, and you go to a bank for a construction loan, the bank will probably ask something like “well, can you get tenants to rent this computing power?” And you will say “oh yes people love computing power.” And the bank will say “okay, who are your anchor tenants?” And you will say “oh they haven't even been founded yet; it will take us a year to build this data center and by then all the AI companies will be different.” And the bank will say “hmm, hmm.”

That is: *In the aggregate*, all this AI infrastructure seems like a good credit bet, which is why it keeps getting financed. But it is hard to underwrite an AI data center based on its tenants, because the AI industry is so new and scrappy. There are some giant creditworthy companies signing up for this computing power, but a [lot](#) of the [action](#) in AI really is in small teams of quirky graduate students with venture funding. In some sense they are the best people to buy your computing power – they have lots of venture funding and a good chance of actually doing world-changing trillion-dollar stuff – but they might not impress the *bank*. They are scruffy and uncommercial and do not have audited financial statements or profits.

There are some standard solutions to this problem. (Basically: A big tech company [uses its own credit](#) to build the data center, because it knows the business and is willing to bet that it can use or sell computing power in the future.) But the more general solution is a *market*. What you want is to say to the bank: “Look, I honestly have no idea who will buy my computing power when my data center is finished in a year. A year, in AI, is an eternity. But *someone* will buy it, maybe some current giant tech company, or maybe some current leading AI lab that will be a giant public company in a year, or maybe a scrappy startup, or for all I know maybe an autonomous AI agent that comes into some money. But someone will buy it, and I can prove it, because there's a market for computing power starting in a year, and the market price is \$X, so if I sell my computing power at \$X I can pay back this loan.”

Bloomberg's Silla Brush and Katherine Doherty report :

US derivatives exchange CME Group Inc. and index provider Silicon Data are teaming up to create a futures market for computing power, a key source driving the AI boom.

The futures will help traders, financial firms, AI builders and cloud providers manage volatility and price swings, according to a statement Tuesday. Indexes from market-intelligence firm Silicon Data will help underpin the products. The project is still pending regulatory review.

Computing power, also known as compute, has been in high demand as AI companies use it to power their systems. BlackRock Inc. Chief Executive Officer Larry Fink said last week that a new asset class will likely be buying futures of compute given the shortage and high demand.

Here is the press release. "Investors need a trusted futures market to provide transparency, liquidity and effective risk management," says CME. If you can lock in the future price of computing capacity, then building computing capacity is a less speculative endeavor. You're not building a data center hoping to sell compute to the AI startups of the future; you're building a data center knowing that you can sell compute at the futures price that you've locked in.

BuzzFeed

Elsewhere in weird acquisition structures:

BuzzFeed said media mogul Byron Allen has agreed to pay \$120 million for a majority stake in the digital-media company.

Allen, whose company Allen Media Group owns the Weather Channel and more than 30 network affiliate broadcast channels, plans to acquire 40 million shares for \$3 apiece, BuzzFeed said Monday.

Upon closing, Allen's affiliate Allen Family Digital will own 52% of BuzzFeed's shares outstanding. The deal will be funded with \$20 million in cash and a \$100 million promissory note due five years from closing, which will accrue 5% in annual interest. ...

Allen will also take over as chief executive and chair, while BuzzFeed founder Jonah Peretti will transition to a newly created role as president of BuzzFeed AI.

As of yesterday, BuzzFeed had a stock price of \$0.73 per share and about 36 million shares outstanding, for a market capitalization of a bit less than \$30 million. Allen is buying 40 million *new* shares – from the company; existing shareholders are keeping their stock – so he will own a majority of the stock. At yesterday's prices that would have cost him about \$30 million, but he's paying a nominal price of \$3 per share, or \$120 million total, for a majority of the company. But that price consists of \$20 million in cash (\$0.50 per share) and a \$100 million *non-recourse* promissory note. From BuzzFeed's filing:

On the Closing Date, the Investor will issue a Promissory Note to the Company in the principal amount of \$100.0 million. The Promissory Note bears interest at a rate of 5% per annum, with interest payable semi-annually on the last business day of each June and December. The Promissory Note matures on the fifth anniversary of the Closing Date. The Promissory Note is secured by a first priority security interest in 33.3 million of the Shares, and the Company understands that the Investor currently holds no assets other than the Shares.

The "Investor" is not Byron Allen personally, or his company, but rather a new shell company called Allen Family Digital LLC, which "holds no assets other than the Shares." "Allen could presumably walk away if he doesn't like how things are going in a few months' time," notes Martin Peers.

So Allen is effectively paying \$20 million – \$0.50 per share – to *rent* control of BuzzFeed for up to five years. (Plus another \$2.5 million in interest every six months.) If he fixes it up and it becomes worth more than \$3 per share, he'll pay another \$100 million – another \$2.50 per share, \$3 per share total – to convert that rental into ownership. (And then he can, presumably, sell the stock for like \$5 per share and make a profit.) It's a \$20 million bet that BuzzFeed will be worth at least \$240 million, or rather, it's a \$20 million bet that *he* can make it worth that much.

Transfer restrictions

Many private companies have transfer restrictions on their stock: Investors are not allowed to sell their stock without the company's approval, and the company might be stingy with its approval. If I try to sell you my stock without the company's approval, it doesn't work: The company does not register the transfer on its shareholder registry, and you do not actually get the stock. The company wants to know its shareholders, avoid surprises, keep employee-shareholders locked up, etc., so it might not allow a lot of transfers.

Public companies can't really do this. I mean, a little: Employees normally get their stock subject to some vesting periods, and some big shareholders might sign lockup agreements, but in general the thing that makes a public company a public company is that its stock trades freely on the stock exchange.

A lot of very big household-name private companies – SpaceX, OpenAI and Anthropic are the biggies – are expected to go public in the next year. This suggests an obvious workaround:

1. I have Anthropic stock that I can't sell.
2. But when it goes public, I will be able to sell it.
3. You really want to buy Anthropic stock.
4. You give me some money now.
5. I give you an IOU saying "when Anthropic goes public and I can sell my stock, I'll give it to you."
6. It goes public, and I give you the stock.

This is called a "forward contract" and is fairly common. A few general facts about forward contracts:

The company can, and probably does, prohibit them. Transfer restrictions are normally written in quite broad ways, and if Anthropic says "you can't sell your stock without our permission," it probably *also* says "you can't sell your stock in a forward contract without our permission."

But people sometimes ignore that prohibition, because what can Anthropic do about it? If I sell you my stock today, Anthropic can refuse to register the transfer and you don't get the stock. Anthropic is necessarily *involved* in a current transfer of stock. But the forward contract is just a contract between me and

you, and Anthropic never needs to know about it. Eventually Anthropic goes public, my stock gets unrestricted and I give it to you when I'm allowed to. Anthropic never finds out about our forward contract. What's the problem?

That said, this is *risky*. What if I sell you my Anthropic shares forward, and Anthropic goes public, and you come to collect, and I say "nah actually I'd rather keep the shares"? You can sue me for the shares, but I can point at the Anthropic document saying "forward contracts are null and void"; maybe the contract will be null and void. Maybe *Anthropic* will come to court and say "no, those transfers are void and so the shares belong to us now." Buying shares under an *illegal* forward contract creates a risk that you won't get the shares.

Also, just, consider the situation here. I come to you and say "hey I have some Anthropic shares, I can't sell them now but I'll sell you a forward on them." You say "isn't that not allowed?" I say "oh sure it's not allowed but I am a rebel, I'm not bound by those pesky rules." You're like "okay I guess" and give me money, now, for shares in the future. How do you know I even have the shares in the first place? What if I'm just lying? You already know that I am willing to break some rules; what if I'm breaking the rules against fraud?

We [talked about this in 2024](#), when Stripe published an explicit threat that if you bought Stripe shares under forward contracts Stripe would take them back from you. And now Anthropic and OpenAI have updated their own disclosures to make similar threats. Anthropic:

We are also aware of investment funds that claim to offer indirect access to Anthropic stock. These funds often market themselves by saying something like: "You can't invest in Anthropic directly, but invest with us and we'll get access for you." These funds are most likely relying on mechanisms that attempt to circumvent our transfer restrictions. Any third party claiming to sell Anthropic shares to the general public—whether through direct sales, "forward contracts," tokenized securities, or other mechanisms—is likely either engaged in fraud or offering an investment that may have no value due to our transfer restrictions.

OpenAI:

We are aware of firms that market unauthorized opportunities to gain exposure to OpenAI through a variety of means, including:

sales of OpenAI equity;

investments in SPVs that own OpenAI equity;

tokenized interests in OpenAI equity or an SPV holding OpenAI equity; and

"forward" contracts and other forms of purported economic interests.

OpenAI does not endorse or participate in any of these transactions, which are a violation of our transfer restrictions and may result in the invalidation of the underlying equity. Any transfers may also violate US federal or state securities laws, which impose significant restrictions on transfers of privately offered equity. A buyer or seller may have liability for those violations, and the transfer may be rescinded.

These companies are not exactly opposed to allowing some liquidity in their stocks; we talked on Monday about OpenAI letting each employee sell up to \$30 million of stock in a recent tender offer. But these are also companies that are gearing up for initial public offerings, and they want as much demand as possible in their IPOs. If OpenAI and Anthropic's shares are scarce, then a lot of people will rush to buy them in their IPOs. If anyone who wants their shares can buy them now, who will buy in the IPOs?

Unnecessary AI

Many white-collar jobs involve two sorts of tasks:

1. Doing stuff that advances the mission of the company: making sales, building features, writing newsletters, whatever.
2. Looking busy: meeting prospective customers who'll never buy your stuff, making pipeline spreadsheets so your boss knows about your meetings with prospects who'll never buy your stuff, staying in the office until your boss leaves, etc.

The first task is the only important one, and most chief executive officers would probably tell you that they only care about employees doing actual work and don't care about "face time." But in fact most companies seem to have a lot of face time. The useful work is often less legible and harder to measure than the busywork, so bosses might use the busywork – the dashboards and pipelines and time in the office – as a crude proxy for real work. And employees probably underrate the value of what looks like busywork: Just being at the office a lot can help generate ideas; going to lots of apparently-hopeless sales meetings can sometimes generate sales.

One possibility is that AI will do all of the useful stuff, which will increase the importance of the busywork: White-collar employees will have to spend all their time looking busy so they don't get fired and replaced by AI. Another possibility is that AI will do all of the useful stuff, which will *eliminate* the busywork: Face time will stop being a meaningful proxy for productivity, and a new norm will develop of "just have AI do your job and go home."

But a third, weirder possibility is that AI will *take over the job of looking busy*. The Financial Times reports:

Amazon employees are using an internal AI tool to automate non-essential tasks in a bid to show managers they are using the technology more frequently.

The Seattle-based group has started to widely deploy its in-house "MeshClaw" product in recent weeks, allowing employees to create AI agents that can connect to workplace software and carry out tasks on a user's behalf, according to three people familiar with the matter.

Some employees said colleagues were using the software to automate additional, unnecessary AI activity to increase their consumption of tokens – units of data processed by models.

They said the move reflected pressure to adopt the technology after Amazon introduced targets for more than 80 per cent of developers to use AI each week, and earlier this year began tracking AI token consumption on internal leader boards.

"There is just so much pressure to use these tools," one Amazon employee told the FT. "Some people are just using MeshClaw to maximise their token usage."

In the olden days people tried to look like they were working late by, like, hanging a jacket over their chairs when they went home, but now autonomous AI agents can automate that.

Things happen

JPMorgan's Markets Business Is Booming After Record Quarter. Sam Altman's Business Dealings Under GOP Scrutiny Ahead of OpenAI's IPO. Hedge Funds Move In as Litigation Finance Assets Slump. Hedge funds bet on biofuels to profit from Iran oil price shock. Quiet Token Sales Boosted Trump Crypto Wealth by \$660 Million. Nelson Peltz in talks to raise funds for Wendy's go-private bid. NACHO trade. Harvard Seeks Crackdown on Grade Inflation as 60% Get Top Marks. Koreans should all get an AI bonus, says presidential adviser. "The January peak in Grok downloads came after an update permitted users to virtually undress people in photos."

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1. Those numbers are current as of this morning but you shouldn't take them too seriously; when we first talked about this proposed deal last week, GameStop's market cap was about \$12 billion and eBay's was about \$46 billion.

2. I have heard GameStop's quasi-hostile bid for eBay referred to as a "hostile sale": That is, rather than attempting a hostile takeover of eBay, GameStop is attempting to make eBay buy GameStop, but in a hostile way. That's not quite right – GameStop wants its management to be in charge – but is a useful way of thinking about it.

3. This is all a little reminiscent of Bill Ackman's bid for Universal Music Group N.V. last month, which is also phrased as an "acquisition" but is really more of a proposed leveraged recap, a minority stake purchase, and some activist kibbitzing about how the company is run.

4. eBay is rated Baa1/BBB at Moody's and S&P, now, but the proposed deal would add a lot more debt. Here's a Moody's report saying that the deal "would be credit negative to eBay because of the substantial increase in financial leverage," and at least hinting that it might lead to a downgrade below investment grade (and thus put rights on some of eBay's bonds). The TD highly confident letter "assumes, amongst other things, as determined in TD Securities' sole discretion: (i) expected investment grade corporate credit ratings or investment grade unsecured public debt ratings from at least two of S&P, Moody's or Fitch pro forma for the Transaction."

5. Technically "cash settle those put/call option combos over some averaging period," but that's economically equivalent to selling the stock.

6. My casual math last week was that GameStop has about 450 million shares outstanding and would represent about a third of the combined company, so would need another 1 billion shares or so. But that's a bit generous: On an enterprise value basis, GameStop would represent something like one-tenth of the combined company, and it would be paying a lot of its cash to eBay. Plausibly GameStop would need to issue, like, 4 billion shares to make the math work, so it might not be authorizing enough.

7. "For them," in the enslave-humanity case.

8. The stylized story of the Anthropic/SpaceX Colossus deal might be: The world's richest man, who is famous for building ambitious large-scale projects in the physical world, spent billions of dollars building a giant state-of-the-art data center for his own AI lab. By the time it was done, his own AI lab's models had fallen behind, and he didn't really need the computing power. Meanwhile Anthropic's model had taken the lead, but Anthropic was barely out of its scrappy-startup phase and didn't have the same infrastructure-building capacity as, you know, the world's richest car-and-rockets entrepreneur. So they struck a sort of consolation deal in which SpaceX will rent its compute to Anthropic. Thus SpaceX's creditworthiness allowed Anthropic to access infrastructure. But that's all sort of contingent: If Elon Musk didn't have his own AI model company, would he have built a giant data center just to rent it to Anthropic?

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U.S. • LAW

The Insider-Trading Scandal That Is Rocking M&A Law Firms

A job-hopping lawyer accessed files and recruited lawyers at elite firms to tip traders about pending deals, prosecutors say



EMIL LENDOF/WSJ; ALAMY

By **Dave Michaels** [Follow](#)

May 11, 2026 9:00 pm ET

Quick Summary



- A lawyer, Nicolo Nourafchan, was arrested and charged with securities fraud for an insider-trading scheme spanning a decade.

View more

Someone kept making winning trades just before big acquisitions that were being handled by the same Boston law firm. Authorities initially thought it was another case of foreign hackers stealing valuable information from a U.S. law firm.

But hackers weren't swiping secrets. Investigators discovered it was an inside job.

After closely analyzing the deals and other information, Federal Bureau of Investigation agents traced the well-timed tips back to a single lawyer: Nicolo Nourafchan, who worked at the Boston-based firm, Goodwin Procter.

Nourafchan had a lucrative side hustle providing traders around the world with illicit tips about coming buyouts over a decade, according to federal prosecutors. He also recruited M&A lawyers at other elite firms, Wachtell Lipton and Weil Gotshal, to dish on their deals, prosecutors say.

The case marks one of the most brazen insider-trading schemes in years, ensnaring several of Wall Street's biggest M&A advisory firms and multibillion-dollar deals that they worked on for clients including Amazon.com, Johnson & Johnson and Burger King. The participants celebrated their windfalls—which ranged from \$2,000 to \$3 million—by exchanging memes of “making it rain” dollar bills, the court filings show.

Nourafchan, 43 years old, was arrested last week and charged with securities fraud. The case involves 29 other defendants, including his brother and college friends. Prosecutors say the Yale Law School graduate provided tips about more than a dozen undisclosed mergers and acquisitions.

Nourafchan hasn't entered a plea and didn't return messages seeking comment. His lawyer declined to comment. Nine defendants earlier pleaded guilty and are cooperating with prosecutors.

Despite his Ivy League pedigree, Nourafchan was a midlevel deal lawyer who hopped among prestigious firms. He got his start at Sidley Austin and spent a few years at Latham & Watkins before he was let go in 2021. Goodwin terminated him in August 2023 after he hadn't worked on a billable matter for months.

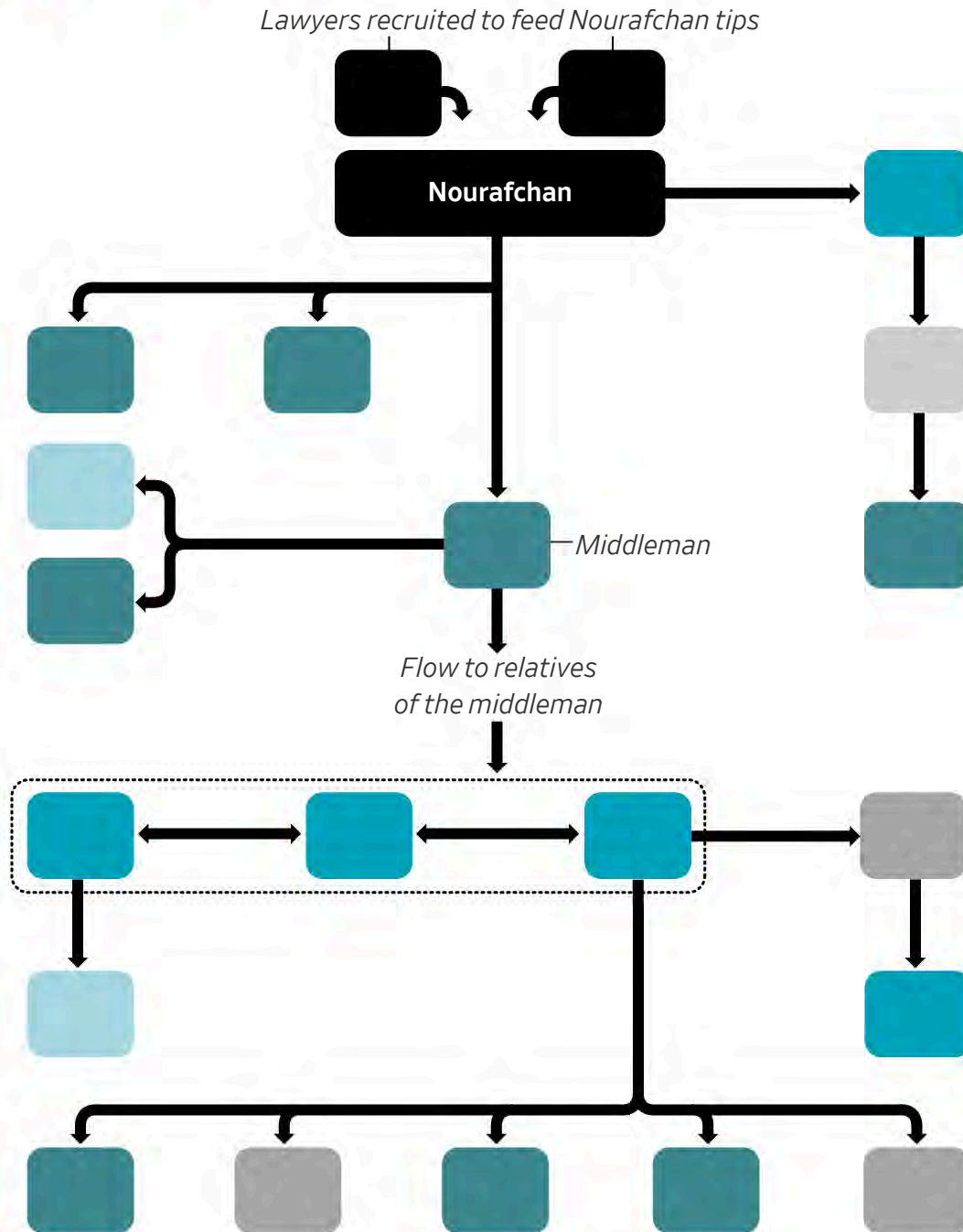
His main reason for showing up at the office, according to court records and people familiar with the matter, was to sift through computer systems to uncover pending deals that he could sell to an ever-growing ring of traders in Florida, New York, Russia and Israel. He even tried to get hired at a public-relations firm that worked on mergers after he left his last law-firm role, hoping to scoop up more tips there, prosecutors said.

“Listen, the fact of the matter is he's done this forever, so, like, he's hurting,” one of his contacts told a trader by phone when Nourafchan had trouble finding a new job.

Flow of insider information from Nicolò Nourafchan

Relationship between individuals

■ Friend ■ Brother ■ Brother-in law ■ Co-worker ■ Hair stylist



Source: SEC

The alleged conspirators compensated Nourafchan with kickbacks from tens of millions of dollars in trading gains, prosecutors say. For example, a few weeks after traders made nearly \$90,000 in profits on his insider tip about an Amazon acquisition in 2020, Nourafchan received a \$9,765 wire transfer, the court papers show. “Just went through. Thank you bro!,” he replied.

Even the co-conspirators marveled at how good their informant was at getting M&A scoops, according to the indictment. “It’s amazing how he just only works in these types of firms,” a Florida insurance adjuster who allegedly acted as Nourafchan’s connection to the traders, said on a phone call cited in the indictment. “I mean it’s the only reason why he did that type of law.”

“Genius,” a trader replied.

Attorneys at large law firms and public companies routinely handle undisclosed earnings releases or proposed mergers, information that could form the basis for illegal insider trading. Many go through extensive training focused on not misusing client information for personal profit or leaving sensitive information in places where it could be overheard or picked up.

But some have run afoul of their duties. Gene Levoff, a former senior lawyer at Apple, pleaded guilty in 2022 to trading on inside information about Apple’s quarterly performance and was sentenced to four years of probation.

Law firms have also been victims of overseas hackers who illegally accessed internal emails that told them about unannounced deals. Chinese hackers took such information from Cravath Swaine & Moore and Weil Gotshal a decade ago.

Goodwin, Nourafchan’s latest employer, said it was “disappointed that a former employee is alleged to have violated the trust placed in him and misused confidential information as part of a broader criminal scheme affecting multiple law firms and their clients.” The firm said it had cooperated with the Boston U.S. Attorney’s Office and the Securities and Exchange Commission, which filed parallel criminal and civil cases.

Latham said Nourafchan hasn’t been “associated with the firm for five years, and the conduct as alleged would reflect a serious violation of our robust policies and procedures.”

Nourafchan and a college classmate, Robert Yadgarov, didn’t trade stocks themselves. Instead, over a decade, the indictment says they used Nourafchan’s tips and funneled them to far-flung traders, including a hair stylist in Santa Monica, Calif., as well as several people in Russia and Israel. The broad network distanced Nourafchan and Yadgarov from the trading, the people familiar with the investigation said.

Yadgarov, who runs his own personal-injury firm in New York, hasn’t made a plea in court. Mark Lesko, his lawyer, said Yadgarov would plead not guilty. “We intend to vigorously defend Robert in this case,” Lesko said.

Nourafchan, Yadgarov and other alleged participants were friends from their undergraduate days at George Washington University. Nourafchan, who attended high school in Los Angeles, was active in a campus group organized around Chabad, a Hasidic Jewish organization, according to a 2015 article in Washingtonian magazine.

After George Washington, Nourafchan went to Yale Law School, where he graduated in 2011, the same class that produced former San Francisco District Attorney Chesa Boudin and lawyers who took on high-profile roles on Wall Street and in the Justice Department. One of the attorneys he allegedly recruited to his scheme, Avi Sutton, graduated from Yale two years after Nourafchan did.



Nicolò Nourafchan is a 2011 Yale Law School graduate.

At Yale, Nourafchan wrote articles critical of China's foreign policy and the role of American corporations in Saudi Arabia. Nourafchan passed the New York bar in 2012 and joined the New York office of Sidley Austin the following year.

The insider-trading ring started relatively small. Nourafchan got information about a healthcare deal and the \$1.8 billion buyout of an advertising-technology company and shared it with a trader in Russia, according to the indictment.

Nourafchan and Yadgarov recruited Sutton, who worked at another big firm, Wachtell Lipton, to give them tips about some of his firm's coming deals, prosecutors say, including the potential acquisition of Canadian coffee and doughnut chain Tim Hortons.

Burger King agreed to buy Tim Hortons for \$11 billion in 2014. The Tim Hortons trade also was routed to the Russian trader, who bought the shares in the name of a shell company registered in the British Virgin Islands, according to court papers.

Sutton, who was recently the general counsel of investment bank LionTree, didn't respond to requests for comment and hasn't been charged. A Wachtell spokeswoman said "the responsible party left Wachtell Lipton over four years ago. There are no allegations of wrongdoing against the firm."

Nourafchan left Sidley Austin around 2017 and joined Latham & Watkins, another Wall Street law firm with a sizable roster of merger clients. Around the same time, he and Yadgarov recruited a college classmate, Gabriel Gershowitz, to funnel them more tips.

Gershowitz worked then at Weil Gotshal and told the group about a \$2.5 billion transaction that involved Ardagh, a metal and glass packaging company. Gershowitz was charged in January 2025 and has cooperated with prosecutors. Several defendants cooperating with prosecutors were charged the prior month.

Prosecutors have recommended Gershowitz serve two years in prison. He is set to be sentenced in November, according to court records. A lawyer for Gershowitz declined to comment.

Weil Gotshal said that it was among the victims of the alleged scheme and that it cooperated with prosecutors. "The former employee who misused confidential information as part of a large-scale insider trading scheme has not been associated with the firm for over six years and the transaction involved dates back to 2019," it said.

Nourafchan didn't last long at Latham and was told in July 2020 that he would have to depart the following month. A day before his last day, Nourafchan accessed Latham's systems to learn about J&J's \$6.5 billion offer to buy Momenta Pharmaceuticals, prosecutors say.

He provided the information to his Florida middleman, who gave the tip to a doctor in Florida whose brothers also traded on the tips, as did some of the brothers' co-workers, according to the indictment.

The group tried to disguise their trading intentions in their text messages, according to prosecutors. Trying to tell Nourafchan that he had lost his trading connection, one of the ring members said his "laborers" had messed up the job. "I'm going to focus on finding a new construction crew and then we'll be building skyscrapers," the unnamed participant said.



A meme from an HBO show that one of the alleged conspirators shared, according to court papers.

Nourafchan landed at Goodwin, the Boston-based firm, after leaving Latham. The firm had a large roster of private-equity clients that bought software and healthcare companies, many of them publicly traded.

The alleged schemers were sometimes impatient. In June 2022, Nourafchan got confidential information from Goodwin's systems about Amazon's plan to acquire iRobot and shared it with his Florida middleman, according to court papers. As days passed, traders who bet on the deal worried the tip might be bad because Amazon didn't announce a purchase of the maker of robot vacuums.

This time, the group referred to waiting on a "rabbi" who needed "surgery." "We needed that damn rebbe already," one trader wrote. When the trader didn't get a definitive response about when the deal would happen, he replied: "At this point I might just start learning the Koran."

Nourafchan also tipped his brother, Lorenzo, to the iRobot news, which opened the door to a separate network of traders who were less careful with the tips. Lorenzo Nourafchan recruited his hair stylist to do the trading, who in turn involved the owner of an insurance agency and nearly a dozen of his friends or relatives, according to the court papers.

Lorenzo Nourafchan hasn't entered a plea and didn't immediately respond to requests for comment.

The alleged schemers made more than \$1.7 million in trading profits after Amazon announced its \$1.7 billion deal for iRobot in August 2022, the court papers show, and some of the traders asked for more tips. "Because I want money," one of them texted. "You told me before that there was another one coming."

By early 2024, authorities had caught wind of the scheme. In March, an undercover agent contacted one of the participants to ask about the iRobot deal and other trades, pretending to be a securities

regulator. The participant quickly contacted the Florida middleman, according to a transcript included in the indictment.

“I just got a terrible call...we might need a meeting,” the trader said.

“Shut up,” the middleman replied, and asked what the call was about.

“About some trades in iRobot and Momentive and some other things that were. Yeah a whole bunch of acquisitions,” the trader said.

The middleman responded: “Holy s—. That is the most nauseating thing I have ever heard.”

Appeared in the May 12, 2026, print edition as ‘An Insider-Trading Scandal Rocks Elite M&A Law Firms’.

Dave Michaels is a reporter covering corporate law enforcement, antitrust litigation, and consumer protection in The Wall Street Journal’s Washington bureau. Dave focuses on the Justice Department, Securities and Exchange Commission and other law enforcement agencies that investigate white-collar crime and fraud. He also writes about...

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California Brief

Short Seller Andrew Left to Face Jury Over Alleged Manipulation

May 11, 2026, 7:05 AM PDT

The short selling industry will be in the spotlight this week when one of its most prominent players goes on trial, accused of using explosive social-media posts about dozens of companies to illegally move their stock and make a quick profit.

The US Justice Department's case against Citron Research founder **Andrew Left** will zero in on the activities of activist short sellers, who highlight companies they think are overvalued and can profit if the stock goes down. The trial, which begins Monday in Los Angeles, will examine when statements of opinion about a company cross into market manipulation — a thorny topic with potential implications for Wall Street.

At the heart of the case will be Left's tweets, on the platform now called X. Prosecutors say his private communications around the time he was posting his tweets prove that he was telling the public one thing about his trading intentions while allegedly doing the opposite.

For his part, Left, 55, has denied misleading investors and contended that his trades didn't need to be disclosed. His lawyers are likely to argue that the opinions he stated in social media posts fall under the Constitution's free-speech protections.



Andrew Left outside federal court in Los Angeles in 2025.

Photographer: Eric Thayer/Bloomberg

Frank Zhang, an accounting professor at the Yale School of Management, called the trial “very important” because the case could result in more disclosure requirements and greater scrutiny from the Securities and Exchange Commission, which has also sued Left. “Even if Andrew Left wins the case I still think it’s a negative signal for short sellers,” Zhang said.

Left’s 2024 indictment spooked the industry, and many believe a conviction would have an even stronger chilling effect. Some of Left’s biggest competitors have already exited a market that has grown less congenial in ways besides prosecutors’ scrutiny.

The charges against Left followed a wide-ranging US probe into how participants in the lightly regulated short selling industry trade. Firms typically build up short positions on companies they believe are overvalued, then issue research reports detailing their positions to the broader market.

Left built a sizable social media presence following prescient calls on China Evergrande Group and Valeant Pharmaceuticals in 2012 and 2015, respectively. Prosecutors claim that, from 2018 to 2023, Left published fewer reports and more tweets trash-talking stocks and setting “extreme” price targets for them.

For example, early on Jan. 8, 2019, Left opened short positions in streaming-box maker Roku Inc., then posted on Citron's Twitter account at 9:41 a.m. that Roku was "uninvestible," driving down the stock, according to the government. Left then "falsely and misleadingly" claimed to be "watching ROKU from the side," suggesting he wasn't invested in the stock, prosecutors say. In actuality, he made \$700,000 from his short that day.

According to the government, he didn't actually believe many of his criticisms of companies like the former Twitter, Tesla Inc. and American Airlines Group Inc. but intended for those posts to be "catalyst" events that moved share prices. He allegedly arranged trades on the anticipated movement ahead of his posts, making \$16 million from market manipulation, prosecutors allege.

Although short sellers were once praised for sniffing out the fraud at Enron Corp. and the rot beneath the surface of mortgage-backed bonds before the 2008 financial crisis, more recently they've become the reviled targets of squeezes by meme-stock investors. One top short sellers, Hindenburg Research's **Nate Anderson**, announced he was closing down his firm in January 2025.

The changing perceptions of short sellers may factor into how the jury sees Left. His lawyer Eric Rosen is expected to argue that Left provided a public service by alerting investors to overvalued stocks and, in some instances, corporate fraud. By contrast, prosecutors have sought to cast Left as an enemy of small investors, even setting up a website and hotline for his alleged victims as the government did in the case against **Bernard Madoff**.

The government hasn't yet released a list of witnesses, but the trial may feature testimony from several retail investors, a JPMorgan Chase & Co. analyst who has been critical of Left's research, and the chief financial officer of an education company that was blasted by Left as the "Enron of Education" in 2020.

Mehrdad Samadi, a Rutgers University finance professor, noted that Left's case was one of the few major white-collar prosecutions brought during the Biden era that has moved forward during the Trump administration.

The case "potentially raises questions of legal risk for anyone whose public communications can move prices depending on their trading behavior and transparency surrounding their operations," Samadi said.

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Securities

Hasbro Says Unable to File Form 10-Q Within Prescribed Time

May 11, 2026, 1:11 PM PDT

Hasbro says it cannot file its form 10-Q within the prescribed time because of delays in compiling the information required to complete the preparation.

Company identified unauthorized access to the Company's network on March 28, 2026

Company believes the unauthorized access has been contained and is making progress in fully restoring its systems and operations

Has experienced delays in the preparation, review and filing of the Form 10-Q

Unauthorized access did not impact the Company's financial results for the first quarter

Company also said that, based on preliminary information, the company expects its results to exceed the high end of previously disclosed ranges

To view the source of this information click [here](#)

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Beauty Tech Co. Execs Beat Investor Suit For Good

By **Emily Lever**

Law360 (May 11, 2026, 8:16 PM EDT) -- A California federal judge Monday tossed a proposed class action accusing beauty technology firm Cutera and its executives of misleading investors about its acne treatment launch and financial results, finding the legal claims against the company were abandoned and discharged under its Chapter 11 plan.

U.S. District Judge Jon S. Tigar issued an **order** fully dismissing the securities class action against Cutera, concluding that the New England Teamsters Pension Fund, the lead plaintiff for the proposed class, failed to rebut the company's defense that the Chapter 11 plan released claims against it and its directors and officers. The suit's claims against Cutera executives also fell short because they did not make the case that company leaders had deliberately misled investors, according to the order.

Although the pension fund did, on behalf of itself and the rest of the class, opt out of the Cutera plan's releases of claims against third parties, it could not opt out of releasing Cutera as the debtor, the judge determined. As for the claims against former directors and officers, they are allowed to proceed but do not meet the bar to prove deception or recklessness.

Many of the proposed class's allegations are related to the botched rollout of acne treatment AviClear, a laser-based acne treatment device that users paid a monthly fee to lease.

According to the proposed class's complaint, several Cutera executives concocted a scheme to obtain performance-based bonuses, diverting employees from other parts of the company to AviClear, not because demand for the devices was high but because they stood to receive a stock-based reward called the "Acne Equity Grant" if they could meet a quota for the number of devices sold to doctors.

But the plaintiffs failed to point to any statements those executives made that contradicted insider information they would have had access to at the time, nor did they allege the devices were not actually in high demand during the time period in question, the judge found.

Similarly, the pension fund argued that interim Chief Financial Officer Stuart Drummond had recklessly certified Cutera's financial results for the first two quarters of 2023 — which later had to be restated — knowing they were inaccurate. But the investor provided no evidence that Drummond knew at the time that the results were unreliable, and alleging Drummond ignored red flags is "insufficient, without more, to raise a strong inference of scienter," according to the order.

California-based Cutera, a maker of devices used in dermatology and cosmetic procedures, filed for bankruptcy March 2025 with \$429 million in debt. In a first-day declaration, Cutera CEO Taylor Harris said the company's 2022 launch of AviClear was flawed and added to its financial troubles.

A group of investors that bought Cutera stock in 2023 had filed a lawsuit in California federal court, alleging AviClear's bungled rollout was motivated by an executive compensation plan.

The New England Teamsters Pension Fund was appointed lead plaintiff to represent parties that bought Cutera shares between March 2022 and March 2024. The suit was paused when Cutera filed for bankruptcy in March 2025.

Cutera's Chapter 11 plan, **approved** in April 2025, included third-party releases for its directors and officers. The Teamsters pension fund opted out on behalf of the proposed class of equity holders, meaning people who purchased shares of the company between March 2022 and March 2024 would not be granting releases and will keep their claims alive under the plan.

None of the parties immediately responded to requests for comment Monday.

The Erie County Employees' Retirement System is represented by Jennifer Lauren Joost, Naumon A. Amjed and Ryan Thomas Degnan of Kessler Topaz Meltzer & Check LLP.

Cutera and the directors and officers are represented by Brendan P. Cullen and Alexis C. Holmes of Sullivan & Cromwell LLP.

The bankruptcy is In re: Cutera Inc. et al., case number 4:25-bk-90088, in the U.S. Bankruptcy Court for the Southern District of Texas.

The securities class action is Erie County Employees' Retirement System v. Cutera Inc. et al., case number 4:23-cv-02560, in the U.S. District Court for the Northern District of California.

--Additional reporting by Vince Sullivan. Editing by Covey Son.

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'I Am The Judge,' Atty Facing Apple Sanctions Bid Told

By **Bonnie Eslinger**

Law360 (May 11, 2026, 7:07 PM EDT) -- A California federal judge overseeing discovery in a consumer antitrust case against Google LLC rebuked the plaintiffs' attorney Monday as he fought a sanctions motion by former defendant Apple Inc., reminding him "I am the judge in this case" and that his requests must "meet the standard that I set forth."

U.S. Magistrate Judge Sallie Kim made the remarks during a hearing held over Zoom to the lead lawyer for the consumers, Joseph M. Alioto Sr. of the Alioto Law Firm.

Apple filed its **motion for sanctions** in March, saying the consumers' efforts to subpoena its executives was nothing more than an improper fishing expedition for evidence to try to reinstate it as a defendant. Apple was dismissed from the case, which claims that Google suppresses rival search engines with anticompetitive deals, in 2024.

During Monday's hearing, Alioto told the court that the consumers' efforts to depose Apple's executives are justified. In the 80 to 100 antitrust trials he's led, he said, deposing CEOs before trial can reduce the overall cost of a case.

Judge Kim told Alioto that she understood why he had asked for discovery, but she had already made that other steps needed to be taken first.

Alioto "had to follow the rules that I set forth, not the ones that you think are relevant," the judge said, later adding, "You just came back with the same argument over and over again, without meeting the standard."

Alioto told Judge Kim that he understood that she didn't agree with him.

"There's no question, Your Honor, that if you were representing the plaintiffs, you would prosecute this case differently," he said.

Judge Kim interrupted him.

"I am the judge in this case, and I set forth the standard," she said.

Alioto said the consumers had tried to pursue the discovery they needed through less-intrusive methods, as directed by the court. He said they also asked for a private hearing with the judge so they could explain the discovery they were seeking, which Judge Kim denied.

Judge Kim said she couldn't justify any decision that would have come out of such a hearing if the other side couldn't appear to make their own case.

"That is completely inappropriate," she said. "An in-camera hearing is never going to happen in a situation like this." Judge Kim said the exception would be if there's privileged material, and she had received no explanation that privileged material was at stake.

Alioto responded that there was privileged material, without elaboration.

He said that after the judge denied their original request, they had sought to question "second-tier" managers, but the judge quashed those subpoenas. So the consumers shifted to Google's "third-tier" people, who "knew nothing" about the agreements with Apple, "except to implement it."

Alioto claimed the consumers are being denied evidence needed for trial in November.

"Google is a monopoly. They've been found to be a monopoly," he said. "Sixty-five percent of Google's work comes from Apple devices."

Judge Kim said she understood his position and would give the matter more thought before issuing her ruling.

Alioto said he wanted to complete his "full argument," and the judge said he had already been speaking for some time.

"You're not addressing the issues that I asked you to address," Judge Kim said. "Which is, what did you do between the time you got denied and the time you then came back?"

She said that although Alioto had talked about deposing managers, the consumers hadn't given the court any details in their filings.

"This discussion that you're giving me now is new information in some ways, much more detailed than what I got," Judge Kim said.

Earlier in the hearing, Alioto asked the court that the motion for sanctions be directed only at him, not his associates.

"Everything that anyone did in this case was under my direction and or confirmation," he said.

Alioto then said that in his five decades of prosecuting and trying antitrust cases, he's usually had a good professional relationship with Latham & Watkins LLP, which is representing Apple.

"I understand obviously Latham & Watkins doing a lot of things differently ... like for instance, they just capitulated to President Trump," he said. "I know the lawyers that I was with would never do anything like that."

Judge Kim told Alioto to focus on the merits of Apple's motion.

At the start of Monday's hearing, a lawyer for Apple, Sarah Ray of Latham, told Judge Kim that the consumers have "relentlessly targeted" her client for more than a year — not to support their claims against Google but to implicate Apple. In a case management statement in January, the consumers "admitted that their intent was to file a motion to reinstate Apple as a defendant," she said.

The sanctions fight is the latest development in the high-stakes antitrust litigation launched in April 2022.

The consumers have claimed Google and Apple cut a deal under which Apple wouldn't compete with Google in the search business, while Google paid Apple billions in search-related ad revenue annually to be the default search engine on its devices. The alleged **anticompetitive conduct** resulted in lower quality in privacy and the use of consumer data for search services as well as less innovation, the consumers said.

Their lawsuit is based on the U.S. Justice Department case that convinced U.S. District Judge Amit P. Mehta to find in 2024 that Google is an illegal monopolist based on contracts making it the default search engine on devices and browsers from Apple, Mozilla, Samsung and others.

In this case, U.S. District Judge Rita F. Lin in August 2024 dismissed consumer conspiracy claims against Apple, as well as some claims that Google paid Apple off not to make its own search engine. But in January 2025, the judge kept intact other **monopolization claims** alleging that Google's dealings stifled competition, and lifted a stay on discovery.

About a month later, Judge Lin refused to allow the consumers to add Apple back as a defendant, and she laid out a case schedule, tentatively setting a jury trial for November.

Apple said in its **motion** for sanctions that the consumers' counsel has served 18 subpoenas against the company, including unsuccessfully seeking to **depose CEO Tim Cook**.

In their April response to Apple's motion, the consumers said there's been **no evidence of bad faith**, noting that they "obtained extensive party discovery from Google," secured some 2,000 pages of Apple deposition and trial transcripts from the Justice Department's search monopoly case against Google, and took Google witness depositions "before renoting a limited set of Apple depositions."

The consumers are represented by Joseph M. Alioto and Tatiana V. Wallace of the Alioto Law Firm, Josephine L. Alioto of The Veen Firm, Robert J. Bonsignore of Bonsignore Trial Lawyers PLLC, Jeffrey K. Perkins and Lawrence G. Papale.

Apple is represented by Sarah M. Ray and Aaron T. Chiu of Latham & Watkins LLP.

Google and its parent Alphabet Inc. are represented by John E. Schmidtlein, Graham W. Safty and Kees D. Thompson of Williams & Connolly LLP.

The case is Arcell et al. v. Google LLC et al., case number 3:22-cv-02499, in the U.S. District Court for the Northern District of California.

--Additional reporting by Dorothy Atkins, Matthew Perlman, Lauren Berg, Hailey Konnath, Bryan Koenig and Rae Ann Varona. Editing by Adam LoBelia.

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Meta's Algorithm Needs Revamps, Judge Hears In \$3.7B Trial

By **Cara Salvatore**

Law360 (May 11, 2026, 10:45 PM EDT) -- A computer science expert testified Monday that Meta should be ordered to revise minor users' content recommendation formula to prioritize safety as much as engagement, as part of the New Mexico attorney general's ongoing bench trial over teen mental health.

Arvind Narayanan of Princeton University took the stand via videoconference Monday, sharing his opinions about what should change in Meta's algorithms during a phase two bench trial asking for a \$3.7 billion abatement plan and broad injunctions over New Mexico Attorney General Raul Torrez's claims that the platform designs harm underage users.

"The recommendation algorithm, when it comes to New Mexico under-18 users or accounts, should be optimized for integrity at least as much as for engagement," Narayanan said, and "the effects of those changes should be assessed for their impacts on teen wellbeing."

He said that, currently, engagement-focused metrics pertaining to the algorithm are treated as "goals" to max out, while safety-focused measurements of the algorithm are treated as "guardrails" in relation to which bad outcomes are viewed as acceptable to a certain level.

Narayanan compared the situation to a carmaker designing a car in which an engineering "goal" is to max out the car's top speed while a "guardrail" is to keep the number of crashes over a given number of miles down to a certain percentage.

He said that, more specifically, he would recommend to the judge that it's fair to order Meta to see that at least half, or 50%, of the impact on the content predictions made by the algorithm come from "signals that are explicitly about users communicating their preferences about the algo — or about explicit signals, as I've called them before — as opposed to users simply reacting in the moment to the item in front of them, or implicit signals."

On cross-examination by Meta counsel Ana Paul of Kellogg Hansen, Narayanan was pressed about possible effects of what he was recommending, beyond underage users and beyond New Mexico. Narayanan acknowledge to Paul that there could be effects for others — for example, in an example provided by Paul, a content creator in Utah who's followed by a New Mexico teen. Changes to that teen's algorithm formula could affect people the teen follows, Paul posited to Narayanan.

"If that account in Utah was an influencer who makes her living creating content, those changes could affect the economic outcomes of this Utah user, correct?" Paul asked.

"You would have to help me understand why they would affect economic outcomes. I'm not sure I'm seeing that," Narayanan said. After Paul followed up with a similar question, Narayanan held his stance, saying, "Certain users may see less of some users; other users may see more. Again, these effects are so indirect." But he did acknowledge he has not formally analyzed the topic.

Judge Bryan Biedscheid, who is presiding over the bench trial, also heard Monday from Dylan Pell, a mental health epidemiologist with the New Mexico Department of Health, who discussed statistics and statistical trends relating to mental health among the state's youth. The data were taken from a handful of key surveys, many of which are done annually.

Pell shared with the court his opinion that there is "a mental health crisis among adolescents in New Mexico," with rising rates of sadness, hopelessness and suicide.

He told Judge Biedscheid that the "attributable fraction," or the fraction of those problems attributable to social media, which was the focus of prior witness Zachary Ward's **testimony on Friday**, is an important tool used by the Department of Health to analyze how its citizens are doing.

The bench trial, which began May 4, follows a jury's **finding in March** that the parent company of Instagram, Facebook and WhatsApp hid the full scope of sexual predation and bullying on the apps and painted a rosier picture for the public than it discussed internally.

The 15-year, \$3.712 billion abatement plan proposed by New Mexico's attorney general would be separate from the \$375 million awarded by the jury in civil penalties.

Meta's counsel said in opening arguments that there is no legal basis for an abatement plan that does not attempt to cut off a supposed harm at its source. Instead of talking about a shared common resource that is being sullied in some way, the case is about individual injuries that are being aggregated, which is not what public nuisance law is for, defense counsel said.

Additionally, the company has cited Section 230 of the Communications Decency Act, which says social media sites are not liable for the content published on them and which observers expect to be grounds for appeal alongside the First Amendment.

New Mexico is represented by Raúl Torrez of the New Mexico Office of the Attorney General, and by Donald Migliori, Linda Singer, Michael Pendell and David Ackerman of Motley Rice LLC.

Meta is represented by Kevin Huff, Alex Parkinson, Ana Paul and Cassie Redlingshafer of Kellogg Hansen Todd Figel & Frederick PLLC.

The case is New Mexico v. Meta Platforms Inc. et al., case number D-101-CV-2023-02838, in the First Judicial District Court of New Mexico.

--Editing by Marygrace Anderson.



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Subaru Accused Of Selling Cars With Defective Auto-Braking

By **Gina Kim**

Law360 (May 11, 2026, 10:40 PM EDT) -- Subaru hid a defect in its pre-collision braking system in some of its Legacy, Outback, Ascent and Crosstrek vehicles, causing cars to abruptly stop in the middle of the road and heightening the risk of collisions, according to a proposed class action filed Monday in New Jersey federal court.

Subaru drivers Alexander Hall of Maine and Laurene Germano of Virginia **said in their complaint** their cars' "autonomous emergency braking," or AEB, system either failed to stop their cars when necessary or that it was erroneously activated despite there being no obstacles in the way. They alleged the defects exist in Subaru's "EyeSight driver assist technology," which heightens the risk of automobile crashes.

The class vehicles at issue are the 2023-2026 Subaru Legacy, Outback and Ascent; the 2024-2026 Subaru Impreza and Crosstrek; 2022-2026 Subaru Forester and WRX; and the 2025-26 BRZ vehicles. Germano and Hall alleged the issues lie within the AEB system that uses pre-collision braking and reverse automatic braking, as well as the lane keep assist feature, which keeps drivers from veering outside their lanes.

The pre-collision braking is part of the EyeSight suite of safety features in the class vehicles, the suit said. The technology purports to monitor the movement of traffic, optimize cruise control and warn motorists if they're veering outside their lanes, but the defect is causing unsafe conditions, the drivers alleged.

"Subaru represented that the AEB systems and the [lane keep assist] function in the class vehicles would prevent collisions and accidents, as opposed to merely reducing the severity of the impact," Germano and Hall said. "However, Subaru overreached, improperly tuning the driver-assistance systems to fully apply the brakes when the system detects anything it perceives as stationary in front of the vehicle, regardless of its size or level of risk to the vehicle based on its location."

What ends up happening is that the systems activate early on and with "unnecessary force," Germano and Hall said. And the cameras shared by the lane keep assist and autonomous emergency braking systems don't always accurately identify what items are stationary, the drivers said.

Essentially, the defects in the AEB system can cause cars to abruptly halt without reason in the middle of the road, unexpectedly brake in parking lots, veer into dividers, prevent drivers from switching lanes, or distract with unnecessary warnings when no obstacles are in front of them or if the drivers are within their lanes, the suit said.

The defect also incorrectly engages the lane keep assist feature or sometimes fails to engage the braking system entirely when there are obstacles in front of the vehicle, Germano and Hall alleged. The systems can also fail to detect moving objects that cross in front of them, they added.

The lane keep assist feature sometimes malfunctions or shuts down completely when cars are moving, or can't be used again until the car restarts, Germano and Hall added. The defect in the lane keep assist feature could sometimes resist driver input when attempting to switch lanes or driving somewhere with construction barriers, they said, adding the feature sometimes won't work if the road has several lines due to construction.

Subaru "actively concealed" the defects in its safety technology to increase its profits, the drivers alleged, noting the automaker **recently settled** a similar case involving the same braking system issue from earlier model years.

According to the complaint, Hall bought a new 2024 Subaru Forester from an authorized dealer in Augusta, Maine. Within the first year, Hall said, he started noticing issues with the AEB system, as the car would begin braking suddenly while moving, even though nothing was in its way.

Hall recalled an incident when he was driving on a highway under normal operating conditions, when the AEB triggered and brought the car to an abrupt halt and almost caused another motorist to rear-end him, according to the suit.

There was another instance where the AEB system engaged while he was making a routine left turn, with no obstructions, causing Hall's car to lose power in the middle of the intersection, which forced oncoming traffic to "'take evasive actions'" avoid T-boning Hall, he said.

He also can't use his car's adaptive cruise control system because the lane keep assist feature pulls him off the road or shifts him into adjacent lanes when no obstructions are present, Hall alleged.

"The dealership further advised Mr. Hall to turn off the EyeSight and [lane keep assist] modules if he continues to experience problems," the drivers said in the complaint. "Even though Mr. Hall complained, no repairs have ever been attempted by Subaru or any authorized repair facility such as Charlie's Subaru."

Germano, who bought a new Crosstrek from Flow Subaru in Charlottesville in June 2024, said she too experienced similar defects with the AEB system of her car. In one instance, Germano alleged, she was traveling about 40 miles per hour on a rural road with good visibility and no obstacles present, but the system suddenly engaged the brakes, causing the car to abruptly slow down to 15 miles per hour.

Germano said she suffered minor injuries in her neck and shoulders from the abrupt loss of speed.

"Discovery will show that each supplier of the different vehicle components — the transmission, the brake system, etc. — has different software and provides a different electronic control module and/or software for their vehicle components," Hall and Germano said. "Integration of software and controls modules for system components is Subaru's responsibility."

The suit asserts three counts for fraudulent concealment or fraud by omission, breach of implied warranty of merchantability and unjust enrichment.

Hall and Germano bring their claims on behalf of a proposed nationwide class of all drivers in the U.S. who bought the class vehicles, along with two separate classes of drivers based in Maine and Virginia.

They asked the court to certify their proposed classes, appoint the two as class representatives and their attorneys as class counsel, and order Subaru to pay compensatory, exemplary and statutory damages, attorney fees and costs.

Representatives for the parties did not respond to inquiries seeking comment Monday.

The drivers are represented by Andrew W. Ferich and Sarper Unal of Ahdoot & Wolfson PC, and A. Brooke Murphy of Murphy Law Firm.

Counsel information for Subaru was not available Monday.

The case is Alexander Hall et al. v. Subaru of America Inc., case number 1:26-cv-05266, in the U.S. District Court for the District of New Jersey.

--Editing by Lakshna Mehta.