A Flurry of Activity at the U.S. Securities and Exchange Commission

The U.S. Securities and Exchange Commission has been especially busy this spring proposing to relax its disclosure regulations for initial public offerings, eliminate its reporting requirements regarding a company's footprint on climate change and allow companies to opt out of quarterly reporting in favor of semiannual disclosures.

The U.S. Securities and Exchange Commission has been especially busy this spring proposing to relax its disclosure regulations for initial public offerings, eliminate its reporting requirements regarding a company's footprint on climate change and allow companies to opt out of quarterly reporting in favor of semiannual disclosures.

The SEC has also lifted its so-called "gag rule" banning companies from denying liability in settlement agreements.

The commission's proposed relaxation in initial public offerings disclosure requirements is part of what SEC Chair Paul Atkins called his effort to "Make IPOs Great Again" agenda. The agency said the proposal will reverse a long-running trend of companies opting to stay private by reducing burdensome compliance and regulatory requirements that have discouraged IPOs.

Specifically, the SEC has proposed raising the "large accelerated filer" threshold from $700 million to $2 billion, which means far more companies would qualify for lighter disclosure requirements and a five-year grace period before facing the most stringent obligations.

With regard to climate change, the SEC has proposed rescinding a Biden-era rule that would have required public companies to disclose information related to their greenhouse gas emissions and other climate risks. The commission has criticized the rule as an environmental regulation outside the SEC's authority to oversee financial investment.

"SEC disclosure obligations should comply with the commission's statutory authority, be guided by materiality as the North Star, avoid the practical effect of dictating corporate behavior, and be imposed only when the expected benefits justify the likely costs and burdens," Atkins said in a statement explaining the proposed rescission.

The SEC has also proposed giving public companies the option of filing disclosure reports twice a year rather than the quarterly reports that the commission has required since 1970. The agency said the move would ease regulatory burdens on companies, allowing them to focus on long-term strategy rather than short-term earnings.

The SEC's abandonment of its 54-year old gag rule came amid a pending U.S. Supreme Court challenge to its constitutionality from corporations who say the ban on denying liability infringes on their First Amendment right to free speech. The commission has urged the justices to decline to hear the challenge in *Powell v. SEC* as the controversial rule no longer exists.

The Conversation

SEC Chair Paul Atkins has strongly defended the commission's deregulatory proposal as freeing corporations from needless and expensive paperwork that does little to protect the investing public but investor watchdog groups say the agency has gone too far.

Regarding initial public offering reporting, Atkins said the "current public company regulatory framework is in dire need of a comprehensive overhaul" and that "over the past 25 years, layers upon layers of legislative changes and SEC rules have created many different categories of public companies with complex, overlapping requirements and benefits."

Attorney Tory Bantz, of Clark Hill, said the proposal would substantially ease the financial burden on smaller companies seeking to go public.

The proposal "will go a long way" to creating more IPOs, she added. "It would have been nice to have this a while ago, but we have it now."

But Ben Schiffrin, policy director for the SEC watchdog group Better Markets, said that "all today's proposals will do is allow public companies to provide less information to the public, thus endangering investors."

Schiffrin also disagreed with Atkins' criticism of the climate change rule as an environmental regulation outside the SEC's authority.

"These [environmental] risks are no more material, but also no less material, than other risks that are important to investors," said Schiffrin, a former SEC associate general counsel. "The climate-related risks that companies face matter to their bottom line, and investors deserve to know about those risks and then weigh their significance for themselves."

The SEC's proposed move from quarterly to semiannual reporting—while praised by companies for potentially relieving them of time and expense—drew criticism from corporate watchdogs who expressed concern that less reporting would enable companies to delay providing adverse information to investors.

But attorneys predicted that not all companies would jump to semiannual reporting, as such a move would dismay investors and debt issuers who want more data before they open their coffers.

"Going dark for six months does not help them [corporations] raise money," said J. Eric Johnson, co-chair of Winson & Strawn's public company advisory practice.

Michael Canty, a partner at Labaton Keller Sucharow, said the need for data is especially high in this high-tech age in which investors are getting information "in all shapes and sizes" from all over. "They want to hear from the company more," Canty added.

The Significance

The Securities and Exchange Commission—statutorily created more than 90 years ago following the aftermath of the crash of a then-unregulated stock market which ignited the Great Depression—is proposing steps to ease its crisis-born oversight of publicly held companies.

The most symbolic—if not the most far-reaching—of these proposals is the SEC's plan to give companies the option to file semiannual rather than quarterly reports. For more than 55 years, public companies have had to submit a Form 10-Q every three months containing unaudited financial statements and operational reports.

The reporting requirement has been a way of life for corporations and a settled expectation for shareholders and would-be investors. But the SEC said a six- rather than three-month reporting cycle would encourage investors to take a long-term outlook on companies' prospects and spare corporate executives the costs of preparing more frequent reports.

Attorney Robert Rothman, however, said quarterly reporting has helped companies discover and correct errors in a timely manner.

"By waiting six months, before they have to report, will only increase the pressure on them to try and cover the errors," added Geller, a partner at Robbins Geller. "It's much harder to stop a snowball that's already halfway down a hill than it is to stop it before it crosses the ridge."

The SEC's relaxation of disclosure requirements is generally supported by corporations and industry groups who believe the frequency and breadth of required reports are needlessly time consuming and expensive, encroaching on the resources and money that can be better devoted to technological innovation. Corporate watchdogs and investment groups counter that the regular disclosures ensure corporations comply with their fiduciary duties to investors and discourage cutting corners.

This disparity of views is perhaps best seen in the controversy surrounding the Biden-era climate disclosure rule, which industry immediately challenged in court as as an environmental regulation beyond the SEC's statutory authority. Supporters of the regulation counter it is well within the SEC's authority over material, legally significant, corporate activities as many investors and financial institutions consider a company's environmental activities when deciding whether to invest or provide capital.

The Information

Want to know more? Here's what we've discovered in the Centellic Global Newsroom:

- SEC Moves to Loosen Disclosure and Offering Rules to Boost IPOs

- [SEC Moves to Reduce Company Reporting, but Experts Predict a Muted Initial Response]
- [SEC Monitoring Fraud Risks in Private Credit as Defaults Rise, Atkins Says]
- [SEC to Rescind Rule Barring Defendants from Denying Resolved Allegations]
- [First Amendment Challenge to SEC's 'Gag Rule' Arrives at Supreme Court]
- [SEC Moves to Scrap Biden-Era Climate Disclosure Rule]
- [No 'Rubber Stamp': US Judge Questions SEC-Musk Settlement]
- [Justices Appear Skeptical of Challenge to SEC's Disgorgement Power, but Press Feds on Where the Money Goes]

The Forecast

The SEC's marching out of disclosure deregulation proposals last spring will lead to a summer of public comments—submitted by from industry groups, companies, investors and corporate watchdog groups—and a fall and winter of commission hearings and meetings culminating in votes on the proposals, with passage widely expected.

In the usual course, the adoption of regulations is soon followed by the initiation of litigation by those alleging economic harm from the new rules. For example, industry groups quickly challenged the climate disclosure rule as beyond the SEC's authority, winning a stay of its implementation in the U.S. Court of Appeals for the Eighth Circuit as the regulatory process proceeds.

However, lawsuits are less likely in the immediate aftermath of regulations relaxing how often companies must produce financial statements to the SEC and the information they must provide in advance of initial public offerings. Rather, the litigation will likely arise as challenges not to the regulations per se but to whether companies have adequately complied with the eased regulations.

Attorney Luke Brooks, for example, noted that the long-standing quarterly reporting rule has a well-known requirements and formality, which may be lost by allowing reports to be made semiannually.

"You're going to wind up potentially with problems of consistency, accuracy … a lot of issues that can arise when you don't have a formal structure around the disclosures," added Brooks, of Robbins Geller.

AI ethics bill for courts moves ahead in Assembly committee

The Assembly Judiciary Committee unanimously approved legislation Tuesday imposing new safeguards on the use of artificial intelligence by attorneys, judges and arbitrators before honoring Sen. Tom Umberg as he nears the end of his final legislative term.

The amended version of SB 574 would also apply to judges and expand rules for arbitrators. It passed 7-0 and moved on to the Assembly Privacy Committee.

"AI is permeating everything we do on a day-to-day basis," Umberg, D-Santa Ana, told the committee. "So, what we want to do is we want to become transparent as to how AI is implemented in the courts."

SB 574 is a response to a constant stream of news about attorneys being sanctioned for turning in AI-generated briefs containing made-up case citations. It would add a requirement to the California Rules of Court that any brief or other paper filed in court could not contain any citation that the submitting attorney has not personally read and verified, including citations supplied by generative AI. The bill also includes privacy protections, barring attorneys from entering confidential or other nonpublic information into a public AI system.

Umberg said he is not against attorneys using AI.

"It's a helpful tool, but it's not infallible," he said. "Because of that, we need to have a human who is responsible for whatever product is produced. This bill does that."

He added that the bill also will require that a human "make ultimate decisions with respect to arbitration." Amendments added last week would clarify the State Bar's role in investigating complaints about arbitration providers, including if they disclose confidential or privileged information by running it through a public AI engine.

Under SB 940, a law Umberg wrote in 2024, the State Bar created a voluntary certification program for alternative dispute resolution providers. State Bar Executive Director Laura Enderton-Speed told the committee that the bar had no official position at this point on SB 574, but that it had implications for its regulation of neutrals. She added that the bar has requested amendments to allow it to address ethical complaints involving AI use.

"The amendment proposed that the State Bar would establish a limited exception to mediation confidentiality to allow members of the public to report ethical violations," Enderton-Speed said.

Amendments added last week would require judicial officers in civil and criminal cases to disclose whether they, or anyone involved in researching or drafting an order or other legal document, relied on generative AI. The Judicial Council adopted similar rules for judicial officers last year.

After Umberg presented SB 574, Committee Chair Ash Kalra, D-San Jose, noted a milestone: Umberg, the longtime chair of the Senate Judiciary Committee, terms out of office later this year.

"I think unless something else happens, or we get some random bills, this is your last bill before us," Kalra said. "So, I just want to thank you so much for your partnership as chair of the Judiciary Committee, and more importantly, for your many, many years of dedicated work to the people of the state of California."

"Well, thank you, Mr. Chair," Umberg replied. "I know you're trying to make me cry. My original office 36 years ago was right across the hall. I sat where you sit right now for many, many years."

Announcing the Finalists for the 2026 Elite Trial Lawyers

The National Law Journal's Elite Trial Lawyers award trophies. Photo: David Teng for ALM

We are pleased to unveil the finalists and honorees for The National Law Journal's Elite Trial Lawyer awards shortlist for 2026.

Winners for individual categories with finalists will be unveiled during an awards event at the JW Marriott Essex House in New York City on July 23. For more information and to purchase tickets, please visit the Elite Trial Lawyers site or contact our sales director Andre Suttton at andre.sutton@alm.com or 757-721-9020.

Lifetime Achievement Award Winners

Rusty Hardin, Rusty Hardin & AssociatesCharla Aldous, Aldous LawJohn Simon, Simon Law

Plaintiff Attorney of the Year Finalists Eric J. Belfi, Labaton KellerSucharowDerek T. Ho, Kellogg HansenBrent W. Johnson, Cohen Milstein Sellers & TollShawn Rabin, Susman GodfreyWilliam Reid IV, Reid Collins & TsaiJohn Rizio-Hamilton, Bernstein Litowitz Berger & GrossmannDena Sharp, Girard SharpH. Thomas Wells III, Starnes Davis Florie

Plaintiff Law Firm of the Year Finalists Abir Cohen Treyzon SaloDean Omar Branham ShirleyKeller PostmanLieff Cabraser Heimann & BernsteinMorgan & MorganReid Collins & TsaiSeeger WeissShegerian& AssociatesSimon LawSusman Godfrey

Elite Women of the Plaintiffs Bar Winners Amanda Lawrence, Scott+ScottQiaojing Ella Zheng, Sanford Heisler Sharp McKnightMurielle Steven Walsh, PomerantzBrittany Stevens, Phillips & AssociatesShana Scarlett, Hagens Berman Sobol ShapiroJennifer Bennett, Gupta WesslerCarol V. Gilden, Cohen Milstein Sellers & TollSarah F. King, Clifford Law OfficesEffie Blassberger, Clayman Rosenberg Kirshner & LinderKatherine E. Charonko, Bailey & Glasser

Antitrust Finalists Cohen Milstein Sellers & TollDiCello LevittHagens Berman Sobol ShapiroKellogg HansenSaveri Law FirmSeeger Weiss

Aviation Finalists Kreindler & KreindlerPodhurst Orseck

Business Torts Finalists Berluti McLaughlin & KutchinConrad & SchererGana WeinsteinMoloLamkenMorgan & MorganReid Collins TsaiSusman Godfrey

Catastrophic Injury Finalists Blaska HolmFlorin RoebigLyons & SimmonsPanish Shea RavipudiSusman GodfreyZehl & Associates

Civil Rights/Discrimination (Non-Employment) Finalists DiCello LevittLaw Offices of James Scott FarrinUmhofer, Mitchell & KingSauder Schelkopf

Class Action Finalists Labaton Keller SucharowLieff Cabraser Heimann & BernsteinRobbins Geller Rudman & DowdSauder SchelkopfSaveri Law FirmSeeger Weiss

ConsumerProtection Finalists Kellogg HansenLabaton Keller SucharowRobbins Geller Rudman & DowdSauder SchelkopfTorHoerman Law

Discrimination (including Employment) Finalists Cohen Milstein Sellers & TollDardarian Ho Kan & LeeSanford Heisler Sharp McKnightShegerian & Associates

Employment Rights Finalists Cohen Milstein Sellers & TollPitt McGehee Palmer Bonanni & RiversSanford Heisler Sharp McKnightShegerian & Associates

Environmental Protection (including Energy andSustainability) Finalists Brockstedt Mandalas FedericoMotley RiceNapoli Shkolnik

Governmental Representation Finalists Motley RiceNapoli ShkolnikReese MarketosSeeger Weiss

Insurance Finalists Anderson KillCohen Ziffer Frenchman & McKenna

Mass Torts Finalists Aylstock, Witkin, Kreis & OverholtzBrockstedt Mandalas FedericoKeller PostmanMcNicholas & McNicholasMotley RiceNapoli ShkolnikPanish Shea RavipudiSeeger Weiss

Medical Malpractice Finalists Bell Law FirmBrockstedt Mandalas FedericoMorgan & Morgan

Pharmaceutical Litigation Finalists Napoli ShkolnikSeeger Weiss

Privacy/Data Breach Finalists Boies Schiller FlexnerDiCello LevittMorgan & MorganScott+ScottSusman Godfrey

Products Liability Finalists Dean Omar Branham ShirleyKeller PostmanKellogg HansenMotley RiceSeeger Weiss

Securities Litigation / Shareholder Rights Finalists Bernstein Litowitz Berger & GrossmannCohen Milstein Sellers & TollHughes Hubbard & ReedLabaton Keller SucharowRobbins Geller Rudman & DowdScott+Scott

Social Welfare (Including Child Protection) Winner Lieff Cabraser Heimann & Bernstein

Technology (Including AI) Finalists DiCello LevittKellogg HansenLabaton Keller SucharowLieff Cabraser Heimann & BernsteinMotley RiceSusman Godfrey

Trial Strategy Innovation Finalists DiCello LevittLabaton Keller SucharowSanford Heisler

Talent Management Award Finalists Labaton Keller SucharowMorgan & Morgan

Rising Stars of the Plaintiffs Bar Winners Eleanor Aldous, Aldous Law FirmHannah Crowe, Burns CharestSamir Doshi, Susman GodfreyAlexandra Echsner-Rasmussen, Aylstock, Witkin, Kreis & OverholtzPhilip Eklem, Reichman Jorgensen Lehman & FeldbergEmily C. Finestone, PomerantzEliza Finley, Susman GodfreyJillian Hewitt, Susman GodfreyConnor Houghton, Reichman Jorgensen Lehman & FeldbergEvan Kubota, Bleichmar Fonti & AuldChris Livas, Keller PostmanDomenic Martini, Singleton SchreiberFrancis P. McConville, Labaton Keller SucharowBrian O'Connell, PomerantzJake Plattenberger, TorHoerman LawRavin Sahadeo, Morgan & MorganTaeva Shefler, Robbins Geller Rudman & DowdJustin Shegerian, Shegerian & AssociatesColleen Smith, Stris& MaherRyan Wheeler, Cohen Milstein Sellers & Toll

Critical Mass With Law.com's Amanda Bronstad: Removals and Remands Roil Roundup Settlement, Meta Settles School District's Bellwether Addiction Case

This week: Objectors to the $7.25B Roundup settlement removed the case to federal court, where Monsanto is fighting to remand the class action back to Missouri state court. Meta Platforms settled a school district case that was set for a first-ever trial next month. Find out who got appointed to lead two class actions against DHL Express over tariff refunds.

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

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'An Unprecedented and Frivolous Removal'

Less than a week before a critical deadline in **Monsanto**'s $7.25 billion **Roundup** settlement, Ashley Keller (**Keller Postman**) removed the case to federal court on behalf of 10 class members who objected to the deal. On Tuesday, Monsanto attorney James Bennett (**Dowd Bennett**) filed a motion to remand the case back to Missouri's **22nd Judicial Circuit Court,** where class members face a June 4 deadline to object or opt out of the deal.
The procedural ping-pong is the latest attempt by some plaintiffs' lawyers to thwart the class action settlement's July 9 approval. Last month, lead counsel Robin Greenwald (**Weitz & Luxenberg**) and David Dickens (**The Miller Firm**) failed to convince **U.S. District Judge Vince Chhabria**, in the **Northern District of California**, to grant an injunction halting the Roundup settlement. But Chhabria was no fan of the deal, parts of which he described as "filthy" and "mind-boggling."

Keller asked a federal judge in the **Eastern District of Missouri**—who hasn't been assigned yet—to stay the settlement's proceedings in the 22nd Judicial Circuit Court so that the **U.S. Judicial Panel on Multidistrict Litigation** could decide whether to transfer the case to Chhabria, who is overseeing the Roundup multidistrict litigation. On Tuesday, class counsel Eric Holland (**Holland Law Firm**), who also filed a remand motion, asked for a June 2 hearing, calling Keller's move a "sham removal" in his opposition to the stay. He wrote:

“Objectors mounted an unprecedented and frivolous removal for what appears to be the sole purpose of disrupting and delaying a settlement that protects thousands of absent class members.”

‘Time for Mark Zuckerberg to Finally Prioritize Child Safety’

A Kentucky school district set to begin a bellwether trial next month against social media giant **Meta Platforms Inc.** has settled the case.
Here’s **Law.com** reporter **Kat Black**’s article on the May 21 settlement with **Breathitt County Board of Education**, which follows agreements with **Snap Inc**., **TikTok Inc.** and **YouTube** earlier this month. The trial would have been the first to allege social media, such as Meta’s **Instagram**, caused students to become addicted, leading schools to expend resources to combat the mental health and behavioral issues of their students.

Update: **U.S. District Judge Yvonne Gonzalez Rogers**, who is overseeing the social media addiction multidistrict litigation in the **Northern District of California**, set bellwether trials in cases brought by two other school districts for Feb. 8 of next year.

Meanwhile: The **New Mexico Department of Justice** wrapped up the second phase of its case against Meta on Friday. The bench trial, in which the state is seeking injunctive relief and a $3.7 billion abatement fund against Meta, is before **First Judicial District Chief Judge Bryan Biedscheid** in Santa Fe. **New Mexico Attorney General Raúl Torrez**, in a statement, said:

“It is time for Mark Zuckerberg to finally prioritize child safety, and I am looking forward to hearing the judge’s ruling on the changes Meta must make to protect children in New Mexico.”

Schkeuditz, Germany - 29th May, 2022 - Many courier van against cargo planes parked on Leipzig Halle airport terminal apron for loading distribution. DHL air mail express fast logistic hub terminal. Credit: Kirill Gorlov/Adobe Stock

Who Got the Work?

Dorothy “Dory” Antullis (**Robbins Geller Rudman & Dowd**) and Jeremy Williams (**Lee Segui**) were appointed as class counsel for two cases brought against **DHL Express (USA) Inc.** by businesses and individuals for tariff refunds on duty-free products. On May 15, **U.S. District Judge David Liebowitz**, of the **Southern District of Florida**, appointed the lawyers while consolidating the two cases, which allege that DHL continued to invoice businesses and consumers for duties and taxes after the **U.S. Supreme Court** struck down **President Donald Trump**’s executive orders imposing tariffs.
Here’s what else is happening:

Cargo Crash: Lawyers who filed dozens of lawsuits over the Nov. 4 crash of a **UPS** cargo plane in Louisville, Kentucky, said last week’s hearing before the **National Transportation Safety Board** revealed prior safety concerns about the same faulty part were raised about the **Boeing** MD-11F aircraft. The plane’s engine on the left wing flew off during take-off, killing all three people on board and a dozen others on the ground in a nearby industrial area. Lawyers also said there was a failure to communicate between Boeing and UPS, both named in the lawsuits.

Uber Acts: **Uber** filed a notice to appeal last month's $5,000 verdict in the second bellwether trial of the sexual assault multidistrict litigation in the **Northern District of California**. Uber, which lost the verdict in the **Western District of North Carolina**, filed the notice with the **U.S. Court of Appeals for the Fourth Circuit**. Meanwhile, Uber, which already has introduced a California ballot measure that would cap contingency fees in car accident cases, backed legislation that passed through a U.S. House committee on Friday that would limit its liability by preempting state claims against so-called common carriers.

Roblox Appeal: The **U.S. Court of Appeals for the Ninth Circuit** is weighing whether **Roblox** could arbitrate claims that it allowed child predators to target kids through its online games. The appeals panel, at May 22 oral arguments, questioned whether Roblox waived its right to arbitration after it filed a motion to dismiss the claims. Meanwhile, on May 20, **U.S. District Judge Mia Roberts Perez**, in the **Eastern District of Pennsylvania**, allowed Roblox, **Epic Games** and **Microsoft** to arbitrate a similar case against them.

Amanda Bronstad
This week: Meta and YouTube told a Los Angeles judge that a groundbreaking $6 million verdict against them this year should be reversed. Two dozen lawsuits filed over the anti-inflammatory drug Dupixent were coordinated into multidistrict litigation before U.S. District Judge Sahid Quraishi in the District of New Jersey. Find out who got appointed to lead the antitrust multidistrict litigation over the price of eggs.

David Beck's AI Warning for Lawyers: Don't Let the Bot Waive Your Privilege

The Beck Redden founder isn't telling lawyers to avoid AI. He's warning them that using it without human oversight, client consent and secure platforms can create ethics, privilege and malpractice problems.

A lawyer presented a polished introduction in court, filled with fabricated quotes generated by AI. No one noticed. **David Beck** wants to ensure this does not happen to you.

Beck, a founder of **Beck Redden** and one of the nation's top trial lawyers, is also the author of the paper "Warning: Using AI May Be Injurious to Your Ethical Health." He says this scenario is not unique but a sign of what is to come.

With a June 2026 State Bar of Texas survey showing AI adoption among Texas attorneys has more than doubled to 62% in two years, the opportunity to learn from others' mistakes is rapidly closing.

"You can't pick up a newspaper without seeing an article about AI and its consequences," Beck said. "Lawyers generally resist change, but this signifies a major, potentially revolutionary, shift in legal practice when used appropriately."

Beck does not advise Texas lawyers to avoid AI. Instead, he emphasizes that Texas Disciplinary Rules already govern its use, though most attorneys are unaware. Consequences due to misuse, such as sanctions, privilege waivers, ethics violations and malpractice exposure, are already occurring in courtrooms nationwide.

Damien Charlotin, a Paris-based legal researcher, maintains an AI Hallucination Cases database, which recorded 1,636 cases worldwide as of June 22. Of these, 1,146 occurred in the United States. While most involve pro se litigants, a significant number involve attorneys. In Texas, the database lists 60 cases, with 18 submitted by lawyers.

Beck notes the issue isn't simply embarrassment, but exposure. Texas Disciplinary Rules already govern AI use without the need for new legislation, Beck said.

The use of AI in the legal industry demands human oversight, Beck said. A lawyer can’t just turn it on and run it on autopilot, he said.

"If you've got an associate that's out there using AI and not checking potential hallucinations, and you're supervising that lawyer, you may be violating your ethical responsibility," Beck said.

The risk starts before the courtroom, according to Beck. It begins when an attorney selects a platform. Using an unsecured tool, such as the free version of ChatGPT, with confidential client information could waive the attorney-client privilege, a consequence many attorneys have not considered.

"If you put any of your client's information in ChatGPT thinking that it's not getting out there to the world, you're wrong," Beck said. "It's out there. And so, you've arguably maybe waived the attorney-client privilege in that case."

The latest State Bar survey on AI usage found that most of the attorneys employing AI had used ChatGPT, and Westlaw/CoCounsel was the most popular legal-specific AI tool, used by 32%. ChatGPT offers an enterprise version that secures data, but the public version does not provide privacy guarantees. Westlaw/CoCounsel is a private platform that keeps data secure.

Beck argues that choosing a platform is only the first responsibility. Attorneys must also obtain informed client consent, delivering a clear explanation of what AI is, why it is being used and how client information will be protected. The American Bar Association has stated that standard boilerplate language is insufficient. If a client refuses AI use, attorneys must comply.

Going forward, Beck anticipates that sophisticated clients may eventually require AI use as a cost-control measure. Firms that resist could face serious consequences.

"I think if a lawyer or law firm does not use AI at some point, they may be charged with malpractice," Beck said. "It may be far in the future. But it may be in the future."

Currently, Beck believes the most urgent need is education, not new rules or federal legislation.

He recommends CLE programs to address practical issues, including platform security, acquiring informed client consent and billing policies when AI reduces research time.

The 2026 State Bar survey found that many attorneys share these concerns. Education and training ranked among the top needs, indicating that even those who have adopted AI lack faith in its proper use.

"They're afraid of it because they don't understand it," Beck said. "And the best way to combat all of these problems is through education."

Beck believes experienced litigators have an advantage because they can accurately evaluate AI output. He cautions that younger attorneys may rely on AI to build arguments they are not equipped to evaluate, underscoring the need for firm protocols and a policy on AI use.

He cites Houston plaintiff's attorney **Mark Lanier** as an example. Lanier inputs case facts, opposing arguments and jury research into AI, then uses the output for brainstorming. He accepts some ideas, discards others, and only submits work he has personally reviewed and verified.

"You may get some great ideas from AI, but you've got to use your experience to sift through them," Beck said. "Is this really going to sell in this environment? Is this really going to persuade anyone? That's where experience comes into play."

First Circuit revives investor suit against Roomba maker after Amazon buyout flop

(CN) — Judges in the First Circuit on Friday brought back shareholders' lawsuit against the CEO and CFO of iRobot, Roomba's parent company, accusing the leaders of hiding warning signs before a now-scrapped buyout by Amazon.

Amid signals of disapproval from the European Commission, the European Union's antitrust regulator, Amazon in January 2024 ditched plans to buy iRobot for $1.4 billion. The commission cited anticompetitive and privacy issues with the deal, which was announced in 2022 and would have been one of Amazon's largest acquisitions.

Investors led by the firm Premca Extra Income Fund saw their lawsuit dismissed last year, but a three-judge appellate panel revived claims against Colin Angle, former CEO of iRobot — which filed for bankruptcy in December 2025 — and Julie Zeiler, the company's CFO, as they relate to an August 2023 modified proxy statement.

“"[T]he amended complaint plausibly alleges that an opinion expressed in iRobot's modified proxy statement — namely, that the company expected regulatory approval for the merger — is actionable because it omitted important contrary information about European approval in circumstances that adequately suggest scienter," U.S. Circuit Judge Seth R. Aframe, a Joe Biden appointee, wrote in the 42-page ruling.

Joining Aframe were U.S. Circuit Judges Julie G. Rikelman and Sandra L. Lynch, respective Biden and Bill Clinton appointees.

The panel otherwise affirmed the Boston federal court's dismissal.

“We now conclude that the district court correctly dismissed the amended complaint for all statements identified by Premca except for the Aug. 24, 2023, modified proxy statement," Aframe wrote.

In the lower court, U.S. District Judge William G. Young found the plaintiffs failed to sufficiently establish inferences that iRobot expected the Amazon merger to fail. Even if iRobot's agents made misleading statements, the investment firm could not show they did so knowingly, the Ronald Reagan appointee ruled.

The investors argued on appeal that the lower court should not have disregarded accounts from confidential witnesses in “high-level positions with firsthand knowledge” supporting their claims that Amazon refused to cooperate with European antitrust regulators' requests for information.

Premca holds that iRobot and Amazon internally pivoted away from the merger starting in the summer of 2023, but did not disclose that turn of events to investors.

"They terminated all nine tracks of integration planning meetings between the companies, and iRobot shifted to planning to operate independently instead of as a merged company," iRobot argued in its brief. "Throughout the remainder of the class period, defendants hid those facts from investors, making their statements so incomplete as to mislead, and even affirmatively misrepresented that Amazon was cooperating with regulators, despite knowing otherwise."

For its part, iRobot argued that it announced the merger but also warned investors that regulatory approval was not guaranteed, then provided tailored and updated disclosures about the Federal Trade Commission's and European Commission's reviews.

Following oral arguments last September, the Bedford, Massachusetts-based iRobot entered Chapter 11 bankruptcy, which resulted in a temporary stay of the appeal. The appellate court then granted the parties' joint request to dismiss iRobot from the appeal but proceed against Angle and Zeiler.

Neither iRobot nor the plaintiff's attorney immediately returned requests for comment.

Investor accuses financial firms of 'spoofing' tech company's stock

(CN) — An investor accused two financial firms of illegally manipulating the share price of a tech company's stock in a federal class action filed Monday.

Aron Reynolds says in the complaint he and other investors were duped into selling their shares in Genius, a Singapore-based education technology company, after Citadel Securities and Virtu Americas artificially depressed the stock's price through a large-scale "spoofing" scheme.

Spoofers use algorithmic trading programs to quickly submit and cancel orders for a stock, creating the illusion of price volatility and false demand or supply. Reynolds estimates Citadel Securities and Virtu Americas created at least 1.4 million fake orders to sell Genius stock during a three-year period, part of a "profound and pervasive" scheme to dupe investors into dumping their shares at a loss.

"The ongoing, repetitive, and continuous nature of defendants' spoofing activity — which occurred on nearly every trading day during the class period — exerted a prolonged negative effect on the price of Genius' shares," Reynolds says in the complaint.

Citadel Securities and Virtu Americas are broker-dealers responsible for executing trades and placing orders for investors while also operating a separate trading business.

In 2017, the Securities and Exchange Commission fined Citadel Securities $23 million for using algorithmic trading to exploit pricing differences in best bid/offer pricing feeds at the expense of customers. In 2023, the company was fined another $7 million for violating short-selling regulations.

Separately, the SEC fined Virtu in 2019 and 2023 for failing to adequately supervise and maintain proper controls while executing trades on behalf of investors.

Genius, which was selling at 18 cents a share on Tuesday, said in a statement it plans to join the class action.

"The company has previously announced that its legal team and experts have identified over $250 million in damages to the company caused by alleged market manipulation," the company said.

Genius sued Citadel Securities and Virtu Americas in the Southern District of New York in 2025 over similar claims, but the company dismissed that suit Monday after a federal judge refused to appoint it as lead plaintiff in the case.

A spokesperson for Citadel Securities said the new suit was “blatant forum shopping” by plaintiff’s counsel after their loss in the New York case.

Reynolds is represented by Jacob Abrams of Kasowitz LLP in Miami, Abe Alexander of Grant & Eisenhofer P.A. in New York and James W. Christian of Christian Attar in Houston.

Alexander and Attar also represented Genius in its suit.

Reynolds’ suit was filed in South Florida’s federal court. He seeks unspecified damages on two claims of securities fraud and asks to litigate the claims on behalf of a class that includes all investors who bought or sold Genius stock between April 12, 2022, and May 30, 2025.

Investors accuse Hong Kong company of hiding costs of Chinese regulatory crackdown

MANHATTAN (CN) — Investors sued Hong Kong-based digital brokerage company after they say it downplayed the effects of its failure to comply with Chinese securities regulations — including a possible $270 million penalty — causing the company's stock to plunge.

In the 41-page class action, filed June 26 in federal court in Manhattan, investors say Futu Holdings Limited was targeted by Chinese regulators over illegally offering cross-border securities without regulatory approval, and then continued to do business without acknowledging the extent of the trouble it faced.

After a May 22 article detailed the regulatory penalty of about $270 million confronting Futu from the Chinese crackdown, the company's stock dropped nearly 28% in a single day. Days later, Futu's stock fell again after the company disclosed a drop in net income due to the proposed penalties.

Futu failed to tell investors it was likely to face such regulatory penalties over its apparent noncompliance, and as a result overstated the company's financial results, according to the investors.

The underlying investigation was officially announced by the China Securities Regulatory Commission in December 2022, accusing Futu of violating cross-border regulations between Hong Kong and mainland China.

Futu has acknowledged the CSRC investigation in multiple filings and various press releases, but the investors say the company was never fully honest about the fallout in its communications with stockholders.

"Defendants' positive statements about the company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis," the investors write in the complaint.

They define the class as investors in Futu between May 24, 2023, and May 27, 2026.

The company pulled its Futubull app from online stores in China as of May 2023 as part of its attempt to comply with the regulations.

The company's stock has slightly recovered since its initial plunge on May 22 to $89.76 per share from $123.86; on Monday it traded for roughly $96.

Investors accuse sports betting biz Sportradar of lying about black market dealings

MANHATTAN (CN) — Investors in the sports betting business Sportradar say they paid artificially inflated prices for shares because leaders hid that they worked with black market gambling operators to drive up profits.

Despite those dirty dealings, the plaintiffs say in a securities class action filed Monday, Sportradar's top brass assured investors they were complying with legal and regulatory requirements, and said ethics and integrity were crucial to business operations.

In a November 2025 earnings call, for example, Sportradar CEO Carsten Koerl told a concerned bank analyst that the company's "four-level process" made sure it "only works[s] with licensed operators."

But the company's due diligence and compliance processes were not as robust as they purported, investors say. On April 22, market research firms Muddy Waters Research and Callisto Research published separate reports saying Sportradar intentionally used a network of black market gambling partners "to drive a material portion of its revenues," investors claim in the 29-page lawsuit.

Sportradar's business is built on both betting and sports content technology. The company, which was founded in 2001, provides data platforms and services, working with leagues across the globe, including the NBA, MLB, NHL, PGA Tour and FIFA. Using live data collection and analysis, it provides odds to betting operators.

The company also works with sports leagues to monitor fraud — something its CEO has touted on TV. In an April 1, 2025, appearance on CNBC's "Mad Money," host Jim Cramer referred to Sportradar as "the SEC … for gambling." Koerl, his guest, then called his company "the SEC or the FBI" for the industry.

A year later, Muddy Waters would report that Sportradar "actively aided and abetted illegal gambling across the world's black and grey markets – not as an accident or an oversight, but as a business strategy."

Callisto, meanwhile, said it found evidence that more than 270 platforms — over a third of the 800 total the company claims to serve — are using Sportradar services, or explicitly claiming they do, while running illegal gambling markets. The research firm also said "Sportradar directly participates in illegal gambling revenues" and reported that at least two former Sportradar employees interviewed said one of its top 10 clients, 1xBet, "is likely to be the world's largest illegal gambling operator by revenue."

Investors sue Adobe execs over AI copyright statements

SAN JOSE, Calif. (CN) — A group of investors claim Tuesday Adobe executives didn't fully disclose the software company's prioritization of artificial intelligence and the risks involved in training and utilizing generative AI.

The stockholders say in their complaint that in 2024 and 2025 Adobe officers "caused Adobe to make false and misleading statements about its artificial intelligence strategy, characterizing the strategy as a 'generational opportunity' to enhance productivity and creativity through responsible, 'commercially safe' models natively integrated into its software ecosystem,"

All this, the plaintiffs said, was represented by the officers as an opportunity to make a lot of money.

Additionally, they say the defendants — including former Adobe Chief Executive Officer Shantanu Narayen; Adobe director Christiano Amon, the current president and CEO of Qualcomm Incorporated, a global wireless tech company; Claude Alexandre, Adobe's vice president of digital media; and over ten other high-ranking employees at Adobe — signed and approved statements that Adobe didn't infringe any copyrighted material as part of training its AI software.

However, those statements, the plaintiffs say, were false and misleading, and "the truth finally emerged" after a series of announcements by Adobe this year, notifying stockholders that Narayan and the company's Chief Financial Officer, Daniel Durn, would resign.

According to the stockholders, one of Adobe's AI training models relied on a dataset that consisted of approximately 196,640 books copied from Bibliotik, "an online shadow-library known for distributing copyrighted literary works without authorization from authors, publishers, or other rights holder."

Furthermore, the plaintiffs say, the consideration of how the officers' statements and conduct regarding the unauthorized use of material for training Adobe's AI models opened the company up to high-cost litigation was minimal.

Adobe is currently facing lawsuits by authors and other creators whose copyrighted work trained Adobe's models.

"Adobe's officers and directors knowingly allowed the company to build its AI strategy on the unlawful infringement of copyrighted materials," the plaintiffs' attorney Frank Bottini said in a statement to Courthouse News. “This shareholder derivative suit seeks to hold Adobe’s top leadership liable for destroying billions of dollars in shareholder value.”

After the first announcement on March 12, the plaintiffs say, Adobe’s stock “tanked” over 7%, “wiping out billions of dollars of market capitalization.” A June 11 announcement about the departure of Durn further hurt stock prices, with Adobe’s stock down over 42% this year.

The plaintiffs demand a jury trial, saying the defendants disregarded “known legal risks, known legal risks, authorizing or permitting an unlawful business strategy, and failing to implement adequate oversight and compliance controls.”

“As a direct result of defendants’ misconduct, the company has suffered substantial harm and continues to face significant legal, financial and reputational consequences,” the plaintiffs say.

The plaintiffs bring claims of breach of fiduciary duty and violations of the Exchange Act and the Securities Exchange Act of 1934.

Adobe did not immediately respond to a request for comment.

Prediction Markets Encounter Another Regulator as SEC Joins Fray

Expensify Inc. received court approval to pay $9.5 million to resolve allegations that it misled investors about the future of its bottom-up business model and the effects of price hikes during its initial public offering.

The US District Court for the District of Oregon granted approval of the settlement Tuesday, ending allegations against the spending-management company, former leadership, and its IPO underwriters.

- The court certified a class of investors who purchased Expensify stock pursuant or traceable to the company's IPO registration statement in November 2021
- The court awarded fees to the settlement's class counsel for 25% of the settlement total and reimbursement of about $127,000 for litigation expenses, plus any accrued interest; it also awarded $25,000 to lead plaintiff Aleem Kanji
- Kanji had met a low bar to advance liability claims against Expensify for allegedly omitting 2020 price hike information in its IPO registration statement, the court ruled last year Latham & Watkins LLP and Foster Garvey PC represent Expensify and current and former leaders. Black Helterline LLP and Levi & Korsinsky LLP represent the lead plaintiff and the class.

Attorneys for the parties didn't immediately respond to requests for comment.

The case is Wilhite v. Expensify , D. Or., No. 3:23-cv-01784, 6/30/26 .

Securities Lawsuit Filings Up in Year’s First Half

New securities class action lawsuits in the first half of 2026 were filed at a pace that projects to a year-end total number of filings ahead of both 2025’s full-year total and long-term year-end averages.

Number of Filings: According to our tally, there were 118 federal court securities class action lawsuit filings in the year’s first six months. (Please note that the figures discussed in this blog post do not include state court securities class action lawsuit filings.) The first-half filings, if annualized for the full twelve months of the year, suggest a year-end total of 236, ahead of both the 207 securities suit filings in 2025 and the 1997-2024 annual average of 227. The 118 filings total in the first half of 2026 is also ahead of the 111 filings in the first half of 2025.

AI-Related Cases: Certain factors that have contributed significantly to the number of filings in recent years were also factors in the number of filings in the first half of 2026. For example, there were 13 Artificial Intelligence (AI)-related securities suit filings in the first six months of 2026, compared to 14 AI-related filings for the full year of 2025. The increased pace of AI-related filings in the first half of 2026 may be one of the factors accounting for the overall increased filing pace in the year’s first six months compared to the equivalent period a year ago.

Stock Manipulation Cases: Another filing type that was a contributing factor to the overall number of filings in 2025 also continued in the first half of 2026, involving various types of stock manipulation allegations.

In the year’s first six months, there were six securities class action lawsuits that alleged classic pump-and-dump schemes. These cases focus on thinly traded, low-float companies. The cases generally allege that the defendant directors and officers orchestrated, or failed to disclose, promotional campaigns, often amplified through social media, that artificially inflated the companies’ share prices. Insiders or their affiliates then allegedly sold their holdings ahead of later share price declines.

In addition to the pump-and-dump filings, there were also three additional cases in the year’s first half involving alleged stock promotion schemes. There was also an additional case filed in late June against an investment firm, alleging the firm had engaged in “spoofing” (fictitious stock purchase orders) to drive up the share price of a thinly traded public company. In several of the stock promotion cases, the promoters seeking to drive up the target firm’s share price allegedly used AI-generated content to drum up interest in the firm. Overall, there were ten securities suit filings in the year’s first half involving stock manipulation allegations, which also seems to have been a factor in the increase in the number of filings in the first six months of the year.

Industries Targeted: The securities suits filed in the first half of 2026 were filed against companies in a wide variety of industries. The 1H26 securities suits were filed against companies in 64 SIC Code categories. The SIC Code category with the highest number of first half 2026 federal court securities class action lawsuits was SIC Code Category 7372 (Prepackaged Software), which had 16 securities suit filings. The category with the next highest number of first half filings was SIC Code Category 2834 (Pharmaceutical Preparations), followed by SIC Code Category 2836 (Biological Products), which had eight first half filings.

Two industry groups that stood out in particular for the number of first half filings. Industry Group 283 (Drugs) had a total of 19 first half 2026 filings, representing about 16% of all first-half 2026 filings. Industry Group 737 (Computer Programming and Data Processing) had a total of 17 first-half 2026 filings, representing about 14% of all first-half 2026 filings. These two industry groups together accounted for 36 first-half 2026 filings, or nearly 31% of all first half 2026 filings.

Place of Filing: The first-half 2026 federal court securities class action lawsuit filings were filed in a number of different federal district courts; by our count, securities suits were first-filed in a total of 27 different federal district courts during the year's first half. The federal district court with the most first-filed securities class action lawsuits in the first half of 2026 was the Southern District of New York, which had 36 securities suit filings in the first six months of the year. The federal court with the next highest number of first-filed securities suits in 1H26 was the Northern District of California, which had 20 first half 2026 filings, followed by the District of New Jersey, which had nine first half 2026 filings.

The federal courts in the states of New York and California, taken collectively, saw a significant percentage of the total number of first-filed securities suits in the first half of 2026. The various federal district courts in the state of New York had a total of 42 of the first-filed securities suits in the first half of 2026. The various federal district courts in the state of California had a total of 30 of the first-filed lawsuits in the first six months of 2026. The federal district courts in these two states taken together accounted for 72 of the first-filed securities suits filed in the first six months of 2026, representing more than 61% of all first half 2026 securities suit filings.

In prior years, merger objection class action lawsuits were a significant factor in the overall number of federal court securities suit filings. However, in the first six months of 2026, class action merger objection lawsuit filings were barely a factor; by our tally, there was only one federal court class action merger objection lawsuit in the first half of 2026. (Please note that the merger objection lawsuits are still being filed in significant numbers, but they are being filed as individual actions rather than as class actions, and so they do not show up in the class action lawsuit filing statistics.)

Of the 118 first half 2026 federal court securities class action lawsuit filings, 21 involved non-U.S. defendant companies, representing nearly 18% of all first half filings. The 21 suits involved companies from nine different countries, with two of the suits filed against companies based in Hong Kong. The country with the highest number of suits is China, with four (and two more suits against Hong Kong companies); Israel with three, the Netherlands with three, and Singapore with three. A certain number of these non-U.S. companies were the subject of or target of some of the stock manipulation lawsuits described above.

Among the first half 2026 securities suit filings were nine cases against IPO companies. The IPO companies named as defendants completed their IPOs in 2024 (one company); 2025 (seven companies); and 2026 (one company).

1H26 Securities Suit Filings Podcast: Keep your eyes out for links to the upcoming D&O Diary podcast discussing the first half securities suit filings.

LinkedIn: Are you following The D&O Diary on LinkedIn? Please become a follower, here.

Shareholder Lawsuit Claims Microsoft Downplayed Copilot's Problems in Bid to Drive Up Stock Price

Robbins Geller Rudman & Dowd, Keller Rohrback and VanOverbeke, Michaud & Timmony represent a shareholder retirement fund in the lawsuit filed June 12 in the Western District of Washington.

A public employees' retirement fund has sued Microsoft Corp. in Seattle federal court, claiming the company downplayed Copilot's functionality and market challenges in order to drive up Microsoft's stock price.

Robbins Geller Rudman & Dowd, Keller Rohrback and VanOverbeke, Michaud & Timmony represent the Michigan-based shareholder plaintiff, the City of St. Clair Shores Police and Fire Retirement System, in the case filed June 12 in the Western District of Washington.

The plaintiff is seeking appointment as a class representative for any purchasers of Microsoft common stock between May 1, 2025, when Microsoft released financial results from its previous fiscal quarter, and Jan. 28, 2026, when results from the end of 2025 led to a $48-per-share, one-day stock price drop.

The complaint claims those purchasers wouldn't have paid the price they did for Microsoft stock at the time, or purchased those shares at all, had the price not been artificially inflated by the defendants' allegedly false and misleading statements.

The complaint details Microsoft's investment in AI in recent years, including the growth of its cloud computing program, Azure. The company has invested billions in ChatGPT developer OpenAI as well as Claude developer Anthropic, with both of those companies spending billions on Azure services.

The complaint alleges since last year, Microsoft has been touting the success of its advancements in the AI space, including the development of its own LLM, Copilot, while downplaying Microsoft's investments in other LLM providers, leading its stock price to an all-time high of more than $550 per share.

What Microsoft and executives failed to adequately disclose, the shareholder plaintiff claims, was that Microsoft's Copilot products faced problems with brand positioning, user experience and interoperability, and the company needed to divert funds away from Azure and invest more in Copilot in order to make Copilot a better competitor among LLMs.

As a result, the complaint alleges, Microsoft had failed to convert a significant proportion of its commercial Microsoft 365 customers to Copilot customers, losing market share to competing products. In January, Microsoft revealed about 15 million of Microsoft 365's estimated 450 million users were paid Copilot users.

The lawsuit brings two Exchange Act claims against Microsoft and four executives.

"We are aware of the complaint and believe the claims are without merit," a company spokesperson said. "Microsoft stands by the integrity of its public statements and will vigorously defend itself in court."

Spirit Airlines and AGI Face First Round of Labor Class Actions After Spirit's Collapse

Class actions involving 17,000 Spirit employees and AGI workers connected to the airlines are lining up, and attorneys are using the WARN Act to make their case.

A group of former Spirit Airlines employees has launched a proposed class action in the airline's Chapter 11 bankruptcy case, accusing the carrier of abruptly terminating about 17,000 workers without the advance notice required under federal labor law.

In a suit captioned *Jonathan Dionne v. Spirit Aviation Holdings Inc.*, filed May 12 in the U.S. Bankruptcy Court for the Southern District of New York, former Spirit employees are seeking 60 days of pay and benefits after Spirit shut down operations on May 2.

The case is being brought under the federal Worker Adjustment and Retraining Notification Act, better known as the WARN Act, which generally requires large employers to provide 60 days' notice before a mass layoff or plant closing.

But that is not the only class action concerning the airline to surface this week.

On May 19, Wites & Rogers in Lighthouse Point submitted a class action complaint on behalf of now former employees of aircraft ground handling company AGI, who performed ground work for Spirit Airlines and were allegedly fired by AGI without the required WARN Act notice and related benefits after Spirit folded. The case was filed in the U.S. District Court for the Southern District of Florida in Miami.

Eric Lechtzin of Edelson Lechtzin LLP in Newtown, Pennsylvania, lead attorney for the proposed airline employee class in the *Dionne* suit, said the case was filed in the bankruptcy court in New York because that is where Spirit's Chapter 11 proceeding is pending.

"There's no way that litigation can proceed in any court other than in the bankruptcy court, unless Spirit consented to it, which I think you recognize how unlikely that is," Lechtzin told Law.com.

The complaint was initially filed on behalf of six former employees, and Lechtzin said it has since been amended to add state WARN Act claims under New York and New Jersey law, along with four additional plaintiffs from those states. The named plaintiffs are seeking to represent the broader group of roughly 17,000 former Spirit employees who were allegedly terminated when the company ceased operations.

“The way a class action works is you have a small number of people representing a large group that have the same claims,” Lechtzin said. “The whole idea of a class action is that it would be impractical to bring 17,000 people into court. Our firm works exclusively in the class action world. When we file a case as a class action, we expect that the case will be resolved on a class basis.”

The case creates a new front in Spirit’s bankruptcy, shifting attention from creditors, aircraft leases and the airline’s remaining assets to the employees who say they were left without jobs, benefits and sufficient warning. The practical question is not just whether the former workers can prove a WARN Act violation, but where their claims would stand in the line of creditors seeking payment from the bankruptcy estate.

In *Rony Almeida v. AGI Ground, Inc*., lead counsel Marc Wites says he and his co-counsel, Stuart Davidson of Robbins Geller, are geared up for their client's recovery.

"AGI, like Spirit and the rest of the world, knew that Spirit would go out of business in the immediate future, and was obligated to give proper notice to its employees under the WARN Act," Wites continued. "AGI will surely argue that Spirit’s collapse was unforeseen, but we believe the jury will find that a very hard pill to swallow."

The WARN Act Examined

Aaron Solomon, a New York management-side employment attorney who is not involved in the case but regularly handles WARN Act issues, said WARN Act cases can be comparatively straightforward to certify as class actions because the central question often applies across the entire workforce.

“When you’re looking at class actions, you’re looking at if there’s a common, unlawful policy; if the claims are typical across the employees, they have the same claims and the employer has similar defenses,” Solomon said. “WARN, I’ve always viewed it as a very easy class claim.”

Solomon said that if an employer failed to provide proper notice to one affected employee, the same alleged failure often applies to others in the same layoff.

“You didn’t give the notice to one person. They’re entitled to up to 60 days of back pay, and therefore you didn’t give it to everybody else,” Solomon said. “If you’re adjudicating one person’s claims, you can adjudicate everybody at the same time. That’s a class action.”

For that reason, Solomon said he believes the plaintiffs have a strong chance of obtaining class certification. But certification is only part of the battle. Because Spirit is in bankruptcy, he said, the employees could face a harder fight when it comes to actual recovery.

“I think they could have a problem recovering,” Solomon said. “What they’re doing, in my opinion, is they’re trying to get a claim in. So that way, they can at least try.”

Solomon said he would not expect full recovery, given the competing obligations in the bankruptcy case.

“You’ve got to keep in mind, they’ve got leases on aircraft. They’ve got gas bills to pay,” Solomon said. “They might have secured debt that’s ahead of them. I’m not a bankruptcy attorney, but I think it’s kind of hard to imagine that they’re going to have full recovery on this.”

The likely defense, Solomon said, could involve exceptions to WARN Act liability, including the argument that Spirit faced unforeseeable business circumstances and gave as much notice as practicable. Under federal law, employers may in some circumstances provide less than 60 days’ notice, but they still must give notice as soon as practicable.

Solomon said that defense may depend heavily on what Spirit knew and when it knew it.

“If they’re telling people everything is fine, but at the same time they’re preparing a bankruptcy petition, that, to me, is a big clue as early as practicable,” Solomon said. “Even if they couldn’t have done it fully 60 days before, perhaps they could have done it 50 days or 40 days before.”

He said a company in that position can issue a WARN notice and later revise it if the situation changes.

“You could always retract a WARN notice. You can always extend the layoff date by serving another notice,” Solomon said. “But get it out.”

Solomon said Spirit may argue that rising fuel costs or sudden financial pressures left it without enough time to provide notice, but he questioned whether those circumstances developed overnight.

“I think it’s certainly an argument they can use,” Solomon said. “But then again, when that started happening, was that 30 days from the layoff? Possibly. Was that 40 days from the layoff? Did they have enough information or foresight to say, ‘We’ve got a problem and we could be shutting this company down in the near future?’”

Lechtzin said he does not doubt there are enough assets to fund a recovery before a jury.

“This company has literally billions worth of aircraft and aircraft parts, as well as other assets,” Lechtzin said. “What they owe to their employees is only a fraction of that.”

The bigger issue, he said, is “how their claims are prioritized versus other creditors in Spirit.”

TNB Tech Minute: Anthropic Faces Potential Class-Action Over Claude AI Usage Limits

MONDAY, JUNE 15, 2026

Full Transcript

This transcript was prepared by a transcription service. This version may not be in its final form and may be updated.

Imani Moise: Here's your morning TNB Tech Minute for Monday, June 15th. I'm Imani Moise for the Wall Street Journal. We exclusively report that a Claude AI customer is suing Anthropic alleging that the company oversold the usage allowances offered in its priceiest subscription tier. In a federal lawsuit filed today, DC-based customer Karl Kahn claims that Claude AI's $100 and $200 monthly plans deliver actual usage far below the advertised amounts. The suit is seeking class action status and reimbursements for customers who have purchased the plan since April of last year. Anthropic declined to comment. The UK will force leading social media companies to restrict access for teenagers under 16 years old starting early next year. The British Prime Minister says the government is stepping in to protect children after tech giants fail to act. The new rules will include platforms like Instagram, Snapchat, TikTok, and YouTube, while also banning minors under 16 from live-streaming and restricting direct messages from strangers. Messaging services like WhatsApp and Signal won't be included in the overall ban. And Fox Corporation says it's acquiring streaming platform, Roku, in a deal valued at around $22 billion. The deal Fox's largest to date is a bet that adding a streaming service will better help the media giant compete for advertising dollars against rivals like Netflix and Amazon. Research firm Antenna says customers are increasingly opting for these cheaper options with ad supported plans now representing almost 50% of premium video on demand signups in the United States. And that's your TNB Tech Minute. We'll be back this afternoon with more.

2 law firms get top spot in E-Trade 'cash sweep' suit | Secondary Sources | National

U.S. District Judge Esther Salas of the District of New Jersey partially granted the firms' motions for appointment as interim class counsel June 16, saying she was "optimistic" that they could work together efficiently.

Class counsel squabble

The ruling stemmed from a proposed class action filed in February 2024 against E-Trade and Morgan Stanley Smith Barney LLC. MSSB's parent company acquired E-Trade in 2020, according to the complaint.

Plaintiffs Sergey Burmin and Kenneth W. Luke, represented by Wolf Popper, allege that the broker-dealers failed to pay a reasonable rate of interest on cash swept from customers' retirement accounts into accounts at affiliated banks.

The suit asserts a breach of contract claim on behalf of persons or entities who maintained E-Trade retirement accounts at any time since Feb. 1, 2018.

The District Court consolidated *Burmin* in November 2025 with two other actions, and the plaintiffs' attorneys filed competing motions for appointment as interim class counsel.

Wolf Popper asserted that it had been litigating *Burmin* months before the competing firms decided to "jockey for control" of the consolidated case.

Robbins Geller, which represents Mark E. McKinney and two other plaintiffs, argued that Wolf Popper could not represent a broad class of E-Trade customers because it had limited the proposed class in *Burmin* to retirement account holders.

McKinney filed the first complaint on behalf of both retirement and non-retirement account holders, Robbins Geller said.

Wolf Popper and Robbins Geller both opposed a competing motion from the Bernstein, Berger and Williams firms, which represent plaintiff Thomas Simmons.

The three firms cited their experience in eight other lawsuits involving cash sweep programs.

2 firms selected

Judge Salas said that Wolf Popper's progress in litigating the first-filed action against E-Trade was persuasive.

The firm modeled *Burmin* on another lawsuit it had brought against Merrill Lynch, which has lasted more than six years and survived a motion for summary judgment, she noted.

The judge said she was not necessarily concerned with Wolf Popper's ability to represent E-Trade non-retirement account holders, but she appointed Robbins Geller as interim co-class counsel to ensure adequate representation.

The firms' experience co-leading the suit against Merrill Lynch suggests that they can work together quickly and efficiently, she said.

Judge Salas denied the motion by Bernstein, Berger and Williams, saying that their client Simmons filed the complaint last and based it on substantially on the same allegations as those in *Burmin*.

By Nicole Banas

Class certification recommended in Valeant investor suit against PwC | Secondary Sources | National

(June 04, 2026) - A special master in New Jersey has recommended certifying a class of Valeant Pharmaceuticals International Inc. investors suing PricewaterhouseCoopers LLP over its audit of the Canadian drugmaker before a fraud scandal in 2016.

In a June 1 report and recommendation, special master Dennis M. Cavanaugh of the U.S. District Court for the District of New Jersey rejected PwC's argument that lead plaintiff City of Tucson is an atypical class representative because it cannot trace its Valeant shares to a 2015 stock offering.

Share traceability is a merits issue that should not be decided until discovery is complete, the special master said.

Deceptive audit report?

PwC is the last remaining defendant in the consolidated securities lawsuit after the District Court approved a $1.2 billion settlement in 2021.

The settlement resolved allegations that Valeant, which is now Bausch Health Cos Inc., concealed deceptive sales and reimbursement practices from 2013 to 2016 that significantly increased the prices of certain medications.

Investors allege that PwC issued a false and misleading audit report stating that Valeant had effective internal controls over reporting and that its 2014 financial statements were prepared in accordance with generally accepted accounting principles.

Valeant included the audit report in its 2014 annual report, which was incorporated into the prospectus for the March 2015 stock offering, the suit says.

The second amended complaint, filed in February 2022, added a securities fraud claim against PwC under Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C.A. § 78j(b), and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. § 240.10b-5. Earlier versions of the complaint had asserted claims against PwC only under Section 11 of the Securities Act of 1933, 15 U.S.C.A. § 77k.
The District Court in June 2023 adopted the special master's recommendation to deny PwC's motion to dismiss the securities fraud claim.

'Premature' share tracing dispute

Tucson and the Tucson Supplemental Retirement System filed a motion for class certification in July 2024, arguing that the proposed class met the requirements of Federal Rule of Civil Procedure 23.

PwC, represented by attorneys at Bartlit Beck LLP, responded that Tucson failed to meet the typicality and adequacy requirements of Rule 23(a), partly because it lacked standing to sue under Section 11.

Tucson cannot prove that the Valeant shares it bought were part of the March 2015 offering because its investment manager T. Rowe Price made the purchases on its behalf, PwC argued.

Cavanaugh, a retired District of New Jersey judge who was appointed special master in September 2019, said it would be "premature" to consider the issue of share traceability at the class certification stage. The parties' dispute over tracing is a factual issue that should be resolved at summary judgment or at trial, he said.

The special master also rejected PwC's argument that because Tucson allowed attorneys at Robbins Geller Rudman & Dowd LLP to drive the litigation, it is an inadequate class representative.

Although testimony by Tucson representative Art Cuaron was "underwhelming" in that he displayed only basic familiarity with the facts of the case, it was enough to demonstrate adequacy, he said.

Cavanaugh also said that Tucson satisfied Rule 23(b)(3) by showing that common factual and legal questions in the suit predominate over issues specific to individual class members.

He recommended that the District Court approve Tucson's proposed class period for the Section 11 claim but shortened the Section 10(b) class period by 15 days, to run from Feb. 25, 2015, to Feb. 29, 2016, after which date any disclosures failed to contain any "new, corrective information."

By Nicole Banas

Microsoft hid 'big problems' with AI products, investor suit says | Secondary Sources | National

(June 16, 2026) - Microsoft Corp. is facing a proposed class action alleging it deceived investors about the capabilities and success of its artificial intelligence products.

City of St. Clair Shores Police and Fire Retirement System v. Microsoft Corp. et al., No. 26-cv-2071, *complaint filed* (W.D. Wash. June 12, 2026).

The technology giant concealed problems with AI-based Copilot products that forced it to divert capital away from a profitable cloud computing platform, the complaint filed June 12 in the U.S. District Court for the Western District of Washington says.

Microsoft Chairman and CEO Satya Nadella is also a defendant in the suit, along with Chief Financial Officer Amy E. Hood, Chief Marketing Officer of AI at Work Jared Spataro and former executive Rajesh Jha.

Suit: Copilot challenges

The complaint, filed by the City of St. Clair Shores Police and Fire Retirement System, says the defendants touted Copilot products as a success while knowing that they suffered from significant functionality issues.

In a quarterly statement filed April 30, 2025, Microsoft highlighted 33% growth in cloud services revenue, driven partly by demand for AI products, the suit says.

The defendants falsely claimed that Copilot was seeing increased user engagement, when it was actually losing market share to competitors, the complaint says.

Microsoft also misled investors to believe it was growing paid subscriptions for premium Copilot services, according to the suit.

The complaint says that undisclosed problems with Copilot caused the company to divert computational capacity and capital away from its profitable Azure cloud computing platform.

Microsoft's share price fell by about 10% after it disclosed Jan. 28, 2026, that Azure growth had slowed because of capacity constraints and expenditures related to Copilot, the suit says.

The company also stated that it had only 15 million paid subscribers for Microsoft 365 Copilot, a fraction of its more than 450 million commercial users, according to the complaint.

A Feb. 3 report by the Wall Street Journal revealed that "severe challenges and functionality issues" with Copilot had caused users to switch to competing products, the suit says.

The defendants violated the anti-fraud and control-person provisions of the Securities Exchange Act of 1934, 15 U.S.C.A. §§ 78j(b) and 78t(a), the complaint says.
The suit seeks class certification and unspecified compensatory damages, plus interest and costs. Brian E. Cochran of Robbins Geller Rudman & Dowd LLP represents the retirement system.
By Nicole Banas

Zymergen investors' $125 million settlement gets judge's initial nod | Secondary Sources | National

(June 24, 2026) - A California federal judge has preliminarily approved a $125 million settlement of a securities class action alleging Zymergen Inc.'s initial public offering documents misled investors about future revenue from its biotechnology products.

The proposed agreement "appears to be fair, reasonable, and adequate" to the certified class of Zymergen investors, U.S. District Judge P. Casey Pitts of the Northern District of California said in a June 22 order.

If approved, the settlement will resolve claims against 10 former Zymergen officers and directors, six investment banks that served as IPO underwriters, and three groups of venture capital funds that invested in the company before the offering.

The District Court stayed claims against Zymergen after it filed for Chapter 11 bankruptcy in October 2023. The U.S. Bankruptcy Court for the District of Delaware confirmed the company's liquidation plan in February 2024, the stipulation of settlement says.

Suit: Biotech bust

Lead plaintiff Biao Wang sued Zymergen, the individual officers and directors and underwriter banks in August 2021, four months after the company completed its $575 million IPO.

The registration statement for the April 2021 offering contained false and misleading statements about Zymergen's ability to produce microbes for industrial use, the operative complaint says.

The IPO documents stated that the company expected to generate revenue in the second half of 2021 and claimed that the estimated market for Zymergen's products was $1.2 trillion across 20 industries, the suit says.

The statements concealed that several key customers had problems with Zymergen's sole commercial product, an optical film called Hyaline, the complaint says.

According to the suit, Zymergen's share price fell from $34.83 on Aug. 3, 2021, to $8.25 on Aug. 4, 2021, after the company disclosed that commercial pipeline issues would prevent it from earning substantial revenue through 2022.

The Zymergen and underwriter defendants violated Section 11 of the Securities Act of 1933, 15 U.S.C.A. § 77k, the suit says. Section 11 imposes civil liability for material misrepresentations or omissions in a registration filing.
The complaint also asserts a claim against the individual and venture capital defendants for control-person liability under Section 15 of the Act, 15 U.S.C.A. § 77o.
The suit's procedural history included a class certification order in 2023, after which the plaintiffs filed an amended complaint repleading previously dismissed claims against the VC defendants.

In June 2025, the 9th U.S. Circuit Court of Appeals granted the VC defendants' petition to review whether the class certification applied to them.

'Excellent result'

The parties accepted a mediator's proposal to settle the case for $125 million in November 2025, the plaintiffs' unopposed motion for supporting preliminary approval said.

The plaintiffs called the deal a "particularly excellent result" for the class in a case involving a company that "no longer exists."

Lead counsel Robbins Geller Rudman & Dowd LLP plans to request a maximum of 30% of the settlement amount as attorney fees, plus reimbursement of litigation expenses up to $3 million, the motion noted.
Judge Pitts granted the motion, saying the settlement appeared to be the "product of serious, informed, non-collusive negotiations" after a two-year mediation process.

The recovery represents approximately 28% of the estimated recoverable damages, which is substantially higher than the reported median recovery in recent securities class actions, the judge said.

The proposed settlement also eliminates the risks of continued litigation, he added.

Judge Pitts approved the proposed notice to class members and scheduled a final settlement hearing for Oct. 13.

By Nicole Banas

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Article: Judge denies Zymergen pre-IPO investors' bid to exit class action 2024 SECDBRF 0164

Date: August 19, 2024

Venture capital funds that invested in Zymergen Inc. before its 2021 initial public offering must face a class action related to misstatements in the bankrupt biotechnology firm's IPO materials, a California federal judge has ruled.

Winners Announced at the 2026 California Legal Awards Ceremony

Trophies went to professionals in these categories: Best Mentor, Community Advocacy and Impact, Dealmakers of the Year, Office Managing Partner of the Year, Entertainment Lawyer of the Year, Innovation in Tech/AI, Intellectual Property Attorney of the Year, Talent Management Innovation, Tech Industry Litigation Department and Vanguard Award.

The Recorder announced its 2026 winners at the California Legal Awards on Wednesday night at the Sheraton Grand in Los Angeles.

Trophies went to professionals in these categories: Best Mentor, Community Advocacy and Impact, Dealmakers of the Year, Office Managing Partner of the Year, Entertainment Lawyer of the Year, Innovation in Tech/AI, Intellectual Property Attorney of the Year, Talent Management Innovation, Tech Industry Litigation Department and Vanguard Award.

Lifetime Achievement Award Winners Judge Abraham D. Sofaer, FedArbElizabeth Cabraser, Lieff Cabraser Heimann & BernsteinJohn Hall, Covington & BurlingMichele Mulrooney, Willkie Farr & GallagherHarry Olivar, Quinn Emanuel Urquhart & SullivanTina Thomas, Stoel Rives

Law Firm of the Year: Singleton Schreiber

Distinguished Leader Honorees Shanti Ariker, JFrogLucie Barron, ADR ServicesApril Miller Boise, Intel Corp.Doug Clark, Wilson Sonsini Goodrich & RosatiDion Cominos, Gordon Rees Scully MansukhaniPatrick A. Klingborg, Solomon Ward Seidenwurm SmithJohn Quinn, Quinn Emanuel Urquhart & SullivanMahru Madjidi, Shegerian and AssociatesJosh Maxwell, Hone MaxwellEric T. McCrath, Morrison & FoersterHarry J. Nelson, Leech Tishman Nelson HardimanPeggy Otum, Wilmer Cutler Pickering Hale and DorrDylan Ruga, Steno

Lawyers on the Fast Track Honorees Michael Albert, Robbins Geller Rudman & DowdParag L. Amin, Law Office of Parag L. AminAshley Fillmore, Uber TechnologiesLinda Sobczynski Gilleran, Farella Braun + MartelFrancesca Grea, Fox RothschildGinger L. Grimes, Dardarian Ho Kan & LeeSri Kuehnlenz, Cohen & GresserElaine Lee, Peckar & AbramsonChristopher Olson, McDermott Will & Schulte

Lawyers on the Fast Track (Corporate) Honoree Bardia Moayedi, Snell & Wilmer

Lawyers on the Fast Track(General Litigation) Honorees Abimael Bastida, McManis FaulknerBrianna Howard, Ballard SpahrChristina Lee, Keker, Van Nest & PetersSophie

Mancall-Bitel, Mayer BrownKrysta Pachman, Susman Godfrey

Lawyers on the Fast Track(Labor and Employment) Honorees Natalie Alameddine, Blank RomeLaura Devane, Littler MendelsonMonique Eginli, Clark HillSam Katz, AthlawKoree B. Wooley, Jones Day

Lawyers on the Fast Track (Personal Injury) Honorees Jared Wise, Morgan & MorganTiseme Zegeye, Lieff Cabraser Heimann & Bernstein

Lawyers on the Fast Track (Real Estate) Honorees Nicholas Cameron, Cox, Castle & NicholsonMarie Gribble, Lathrop GPMUlrick Matsunaga, Crosbie Gliner Schiffman Southard & Swanson

Lawyers on the Fast Track (Trust and Estates) Honorees Meghan M. Glaspy, RMOBenjamin R. Schwefel, Murtaugh

Tech Industry Litigation Department of the Year: Cooley

Women Leaders in Tech Law(Corporate/Transactions)Honorees Sarah Axtell, Latham & WatkinsSonia Nijjar, Skadden, Arps, Slate, Meagher & FlomIngrid Rechtin, Covington & BurlingKaylee Yang, Norton Rose Fulbright

Women Leaders in Tech Law (Intellectual Property) Honorees Angela Dunning, Cleary GottliebLindsay Cooper Hayman, Debevoise & PlimptonTiffany Lee, Willkie Farr & GallagherChristine M. Morgan, KilpatrickLisa Nguyen, Paul HastingsJennifer Seraphine, Thompson HineH. Annita Zhong, Irell & Manella

Women Leaders in Tech Law (Litigation) Honorees Jennifer Bretan, FenwickLexi Hazam, Lieff Cabraser Heimann & BernsteinSonal N. Mehta, Wilmer Cutler Pickering Hale and DorrElizabeth K. McCloskey, Gibson, Dunn & CrutcherRachael Meny, Keker, Van Nest & PetersJustina Sessions, FreshfieldsErica Van Loon, Armond WilsonLaura Vartain, Kirkland & EllisChristina Von der Ahe Rayburn, Hueston Hennigan

Women Leaders in Tech Law (Regulatory) Honoree Shiva Aminian, Akin Gump Strauss Hauer & Feld

Congratulations to all of the 2026 California Legal Award winners. For more information on submitting nominations to the California Legal Awards and other awards at Law.com, please visit law.com/events.

Law360 Reveals Titans Of The Plaintiffs Bar

(May 25, 2026, 8:01 PM EDT)-- This past year, 10 lawyers across the country at plaintiffs' firms big and small helped secure millions of dollars in settlements and verdicts for their clients, going up against powerful defendants like Google, Monsanto and the Trump administration, earning the attorneys recognition as Law360's Titans of the Plaintiffs Bar for 2026.

This year's list features attorneys who have handled a variety of class actions, multidistrict litigation, derivative suits and more.

Mike Arias

Arias Sanguinetti

Matthew L. Schwartz

Boies Schiller

Deepak Gupta

Gupta Wessler

Gretchen Freeman Cappio

Keller Rohrback

Michael P. Canty

Labaton Keller

Elizabeth Cabraser

Lieff Cabraser

John Yanchunis

Morgan & Morgan

David Knotts

Robbins Geller

Brent W. Johnson

Cohen Milstein

Linda M. Dardarian

Dardarian Ho

Some of them have argued before appellate courts and the U.S. Supreme Court. Whether they hail from a six-lawyer firm or a plaintiffs' giant like Morgan & Morgan PA, these lawyers advocated vigorously on behalf of clients, from the sexual abuse survivors of Los Angeles County juvenile detention centers to the victims and survivors of West Coast wildfires, to University of California faculty suing the Trump administration over grant cancellations.

Some attorneys, like Mike Arias, the managing partner of Arias Sanguinetti Wang & Team LLP, have secured major payouts for individual clients. Arias helped win a $38.5 million settlement for a client who was catastrophically injured during a martial arts event.

Arias also had leadership roles in two separate cases brought by people who were sexually abused by gynecologists at the University of Southern California and UCLA, which resulted in an **$852 million settlement** for 710 victims of longtime USC gynecologist George Tyndall and a **$243.6 million settlement** for more than 200 victims of ex-UCLA gynecologist James Heaps.

Meanwhile, Elizabeth Cabraser, a name partner of trial firm Lieff Cabraser Heimann & Bernstein LLP, helped a class of University of California faculty sue the Trump administration over President Donald Trump's executive orders terminating previously approved agency grants.

After the court certified a provisional class and **granted a preliminary injunction** reversing the government's termination of the research grants, Cabraser's team **successfully fought** the government's request that the court stay the preliminary injunction and moved the court to enforce the injunction after the Trump administration canceled grants to UCLA.

Cabraser wasn't the only 2026 titan to have an impact on public policy. Dardarian Ho Kan & Lee's Linda Dardarian represented a class suing the mayor and City Council of Baltimore for Americans with Disabilities Act violations caused by their failure to properly install and maintain curb ramps and sidewalks that are usable for people with mobility disabilities.

After three years of settlement negotiations, the city agreed to devote $44 million to $50 million over the course of four years to the construction of ADA-compliant ramps and sidewalks. A judge approved the agreement in March 2025.

Gupta Wessler LLP's Deepak Gupta won a victory against Uber last year, successfully challenging a ballot initiative in Nevada that sought to impose a 20% cap on contingency fees in all civil cases. The initiative was sponsored by an Uber political action committee **ahead of the federal bellwether** trial addressing sexual assault claims against the ride-share company.

Gupta also **successfully argued** before the Supreme Court last year on behalf of a class of blind individuals, convincing the justices not to weigh in on whether federal courts can certify classes that include uninjured members and to dismiss as improvidently granted Labcorp Holdings Inc.'s appeal of a Ninth Circuit panel decision affirming class certification for the group.

Another titan to take a case to the appellate level was Matthew L. Schwartz, chairman of Boies Schiller Flexner LLP.

Schwartz **secured a win** in the Ninth Circuit last year, with the panel overturning a judge's dismissal of copyright infringement claims against fashion retailer Aritzia. The client, toy manufacturer Tangle, owns copyrights to kinetic sculptures composed of interlocking curved pieces that Schwartz argued were infringed when Aritzia displayed similar chrome pink sculptures in its storefronts. In January 2025, the Ninth Circuit published an opinion reversing the case's initial dismissal.

This year's recipients' expertise ranged from intellectual property to derivative class actions, to antitrust law, with Cohen Milstein Sellers & Toll PLLC's Brent W. Johnson securing compensation under antitrust laws specifically for lower-wage workers. Last year, Johnson succeeded in winning settlements against Tyson, Cargill, JBS Foods and others for their role in alleged wage suppression conspiracies in the poultry industry and the beef and pork processing industry.

Meanwhile, David Knotts of Robbins Geller Rudman & Dowd LLP worked on a derivative class action resulting in a $100 million cash payment to Wells Fargo, and he is currently **representing shareholders** in a case arising from Amazon's 2020 acquisition of Zoox Inc. for $1.3 billion.

While each award winner this year has secured millions in settlements for clients, several also had big jury verdicts last year. John Yanchunis of Morgan & Morgan helped win a trial against Google, proving the company made billions of dollars from the data it collected without users' consent. After a 2.5-week trial, a jury found Google liable and granted a **$425 million verdict**.

Michael P. Canty of Labaton Keller Sucharow LLP won a **similar jury verdict** against Meta Platforms, proving Meta knowingly collected and monetized sensitive reproductive-health data without consent.

Additionally, Canty helped secure a **$100 million settlement** with Pacific Gas and Electric Co. on behalf of investors in the securities fraud class action arising from the catastrophic Northern California wildfires of 2017 and 2018. And Gretchen Freeman Cappio of Keller Rohrback LLP was liaison counsel for plaintiffs in litigation centering on the Marshall Fire, Colorado's most destructive wildfire in history, helping the plaintiffs reach a **$640 million settlement**.

Congratulations to the accomplished lawyers who earned a spot on Law360's 2026 Titans of the Plaintiffs Bar list.

Judge To Alter Critique Of Investor Vying To Be Lead Plaintiff

(May 28, 2026, 8:29 PM EDT)-- A Texas federal judge on Thursday acknowledged a potential "black mark" against an investor who vied to be lead plaintiff for a subclass of investors who allegedly bought McDermott International Inc. stock at artificially inflated prices, agreeing to amend an order critical of him.

In an **order** earlier this month, U.S. Magistrate Judge Andrew M. Edison of the Southern District of Texas**chastised** investor Majid Alghaslan for purportedly trying to get an edge on becoming a subclass lead plaintiff in the securities suit by using "newfound" calculations to claim the largest stock losses while diminishing the losses of other would-be lead plaintiffs. The jurist on Thursday agreed to soften his critique of Alghaslan after the investor pointed out a filing years earlier that had the purported newfound calculation.

"In short, I don't think it was prudent what happened, but I will issue an amended order that I think eliminates some language that is, as you have expressed, is your concern," Judge Edison told Alghaslan's counsel.

Alghaslan, who claimed about $1.76 million in losses, was one of the investors seeking to lead a subclass of McDermott stock purchasers bringing securities claims tied to allegedly false or misleading statements about he company's $6 billion merger with Chicago Bridge & Iron Co. NV.

Alghaslan lost out on the lead plaintiff bid earlier this month and was deemed to have a "disqualifying conflict" after the judge found that he used a loss calculation method in opposition briefing that he hadn't used in previous years.

Alghaslan filed a **motion** for reconsideration this week and disputed the finding that he had a disqualifying conflict of interest, but clarified that he wasn't asking to be reconsidered as lead plaintiff.

"This was not intended to be throwing wool over anyone's eyes," Ivy T. Ngo of Freedman Normand Friedland LLP, Alghaslan's counsel, told the judge at Thursday's hearing.

Ngo said the disputed loss calculation had been present in a 2020 court filing, rebutting the judge's comment that it had been introduced in 2026. The judge acknowledged what she said as true, but wasn't fully persuaded on Alghaslan's adequacy.

"I don't think it makes a difference," Judge Edison said. "The fact remains that, whether it's last time or this time, that Mr. Alghaslan was willing to select a methodology that gives him the greatest loss and willing to do so late in the game."

Judge Edison added that he still had concerns about Alghaslan because he could potentially fall outside the class period if it ends up being truncated.

The jurist also questioned why the calculation in dispute wasn't brought up in the opening brief as opposed to a response brief, to which Ngo responded that the calculations would be dependent on the loss values stated in the opening briefs. The judge countered by saying that years of litigation in the case provided an idea as to the losses claimed by other lead plaintiffs.

Ngo said the calculation was also included so that the court could have all possible calculations to weigh its decision.

Another concern of Alghaslan cited by Ngo was that in case he was involved in separate securities litigation and to preserve his ability to step in individually or through a potential opt-out case, he would not want to be branded with a "'potentially inadequate' marker."

"I understand your concern, as you've indicated, you are worried about my language, that there's a disqualifying conflict, is a black mark that Mr. Alghaslan may carry around," Judge Edison said, noting that he is still confident in his decision to appoint Christopher Coligado as lead plaintiff.

The judge said he'd issue an amended order in the next day or so.

The City of Pontiac Reestablished General Employees' Retirement System, an institutional investor, is represented by Christopher M. Wood and Joseph J. Tull of Robbins Geller Rudman & Dowd LLP.

Alghaslan is represented by Ivy T. Ngo and Devin "Velvel" Freedman of Freedman Normand Friedland LLP, and by Brian J. Schall of the Schall Law Firm.

Coligado is represented by Malcolm T. Brown, Patrick Donovan and Thomas H. Burt of Wolf Haldenstein Adler Freeman & Herz LLP, and by Michael K. Oldham and Jean C. Frizzell of Reynolds Frizzell LLP.

McDermott International is represented by David D. Sterling, Amy Pharr Hefley, J. Mark Little, Anthony J. Lucisano and Frank Mace of Baker Botts LLP.

The Nova Scotia Health Employees' Pension Plan is represented by Matthew L. Tuccillo, Jeremy A. Lieberman and Zachary Denver of Pomerantz LLP.
The case is Edwards et al. v. McDermott International Inc. et al., case number 4:18-cv-04330, in the U.S. District Court for the Southern District of Texas.

Microsoft Overhyped AI Tool Copilot, Investor Says

(June 15, 2026, 8:01 PM EDT)-- A pension fund that purchased Microsoft stocks has brought a proposed class action in Washington federal court, accusing the technology conglomerate and its corporate leadership of making false promises about revenues from its artificial intelligence tool, Copilot, while downplaying user experience issues and other concerns that led consumers to favor Google Gemini and other rival chatbots.

City of St. Clair Shores Police and Fire Retirement System said in a **complaint** filed Fridaythat Microsoft Corp. and top executives misled shareholders about the potential for growth in paid subscriptions to Copilot, while concealing financial risks and problems with the tool. The investor cited a series of statements the company and its leaders made in U.S. Securities and Exchange Commission filings, earnings calls and other public statements.

From May 2025 to January 2026, the company's leadership "highlighted the purported success of Copilot and Microsoft's foray into AI development, claiming that Copilot offered best-in-class capabilities and enjoyed widespread and growing user adoption," the Michigan-based public pension fund said.

Microsoft executives minimized concerns about the company's multibillion-dollar AI investments and business dealings with companies that develop underlying computational models, instead billing Microsoft as well-positioned to get significant returns on those investments and become a leader in AI advancements, the lawsuit says.

The Washington-based tech giant's representations about its AI investments helped drive its stock price above $550 per share during the time period at issue in the case, according to the complaint. However, after media and market research reports exposed obstacles in Copilot's development, the stock price ultimately bottomed out at $380 per share March 20, the pension fund asserted.

Microsoft CEO and Chair Satya Nadella and Chief Financial Officer Amy E. Hood are both named as individual defendants in the complaint alongside Jared Spataro, the company's chief marketing officer of AI at Work, and Rajesh Jha, former executive vice president of experiences and devices.

Microsoft has poured billions of dollars in recent years into efforts to develop large language models, or AI-powered systems that are designed to process and generate human language, such as OpenAI's ChatGPT and Anthropic's Claude, according to the complaint. Microsoft has struck deals with both OpenAI and Anthropic that involve the developers committing to purchase capacity from Microsoft's cloud computing platform Azure in exchange for such investments.

Meanwhile, in 2023, Microsoft unveiled its proprietary generative chatbot, Copilot, offering basic features for free but charging subscriptions for premium capabilities, the suit says.

In an April 2025 conference call discussing the company's quarterly financial results, Nadella told analysts and investors that Microsoft continues to "win new customers with best-in-class AI capabilities," the pension fund said. The CEO added that the company saw a "record number of customers" returning to buy more Copilot subscriptions, according to the complaint.

The pension fund alleged Microsoft executives continued to paint a rosy picture of Copilot's success, boasting of increasing subscriptions, rising demand for the tool and growing user engagement.

Unbeknownst to shareholders, though, the company had failed to convert a significant proportion of its Microsoft 365 users to paid Copilot subscribers and was losing customers to competing chatbot developers, the suit says.

Corporate leaders concealed that the Copilot family of products "experienced significant brand positioning, user experience, usage, data siloing, computational capacity, organizational, and interoperability problems," the investor alleged. Additionally, they did not disclose that Microsoft's model scored below competitors on key benchmarks, according to the complaint.

Microsoft also failed to convey to stockholders it needed to pump billions of dollars more into AI development and divert computational capacity away from serving Azure customers to improve the line of Copilot products, the suit says.

The Wall Street Journal and Melius Research LLC unearthed these issues in reports released in February and March 2026, and Microsoft's stock prices plummeted afterward, according to the complaint. Since then, Copilot has continued to lose market share to Google's Gemini and other rival chatbots, the pension fund argued.

The public retirement system is seeking to represent a class consisting of anyone who purchased Microsoft common stock between May 1, 2025, and Jan. 28, 2026. It asserted claims for violation of the Securities Exchange Act of 1934 against Microsoft and the individually named executives.

A spokesperson for Microsoft told Law360 on Monday the company is "aware of the complaint and believes the claims are without merit."

"Microsoft stands by the integrity of its public statements and will vigorously defend itself in court," the spokesperson said.

City of St. Clair Shores Police and Fire Retirement System is represented by Juli E. Farris of Keller Rohrback, Brian Cochran and Samuel H. Rudman of Robbins Geller Rudman & Dowd LLP and Thomas C. Michaud of VanOverbeke Michaud & Timmony PC.

The case is City of St. Clair Shores Police and Fire Retirement System v. Microsoft Corp. et al., case number 2:26-cv-02071, in the U.S. District Court for the Western District of Washington.

Sanofi Sued Over Qunol CoQ10 'Superior Absorption' Claims

law360.com/articles/2490107/sanofi-sued-over-qunol-coq10-superior-absorption-claims

Gina Kim

(June 16, 2026, 7:50 PM EDT)--Sanofi-Aventis US deceives customers into believing its Qunol liquid CoQ10 supplements have "superior absorption" advantages compared to regular CoQ10 products despite scientific testing that shows otherwise and prior legal action that barred it from making similar efficacy claims, alleges a proposed class action filed Monday in New Jersey federal court.

Sanofi-Aventis US and Quten Research were hit with a proposed false advertising class action in New Jersey federal court on Monday, accusing the defendants of misleading customers into believing that its Qunol brand of liquid CoQ10 supplements has 'superior absorption,' despite a lack of scientific support for those claims. (Court Documents)

In a six-count complaint, Christa Kirby of New Jersey and Mark Rivers of California accused Sanofi-Aventis US and Quten Research Institute of violating consumer protection statutes in connection with their marketing of the Qunol liquid CoQ10 dietary supplements, which purport to offer strong support for heart health thanks to a unique, proprietary absorption technology.

"In sum, defendants advertise, market and promote Qunol Liquid CoQ10 as having 'superior absorption compared to regular CoQ10,' along with other similar absorption and efficacy-related representations, which are false and/or misleading," the suit said. "Scientific testing has revealed that Qunol Liquid CoQ10 does not possess the absorption advantages defendants promise consumers."

Kirby and Rivers said they bought the Qunol liquid CoQ10 supplements for personal use off Amazon and off the defendants' website, respectively, in May. Kirby and Rivers alleged they bought the liquid CoQ10 after reading and relying upon the claims touting its "superior absorption" and paid price premiums for it.

Rivers and Kirby pointed out that the marketing practices for Qunol liquid CoQ10 supplements have previously been subject to legal action.

In 2011, Quten Research Institute LLC — before its acquisition by Sanofi-Aventis in September 2023 — was accused of falsely marketing the Qunol liquid CoQ10 and Qunol Ultra CoQ10 as being six times and three times more effective than other Q10 formulations, despite no scientific evidence backing those representations, according to court records filed in that case.

"Nevertheless, even after facing litigation, judicial scrutiny, and being subjected to a ten-year injunction for similar conduct, defendants have returned to a pattern of false promises," Kirby and Rivers alleged in their suit. "Rather than course correcting, defendants simply repackaged their false claims and proceeded to sell the same deception."

The plaintiffs argued that a decade-long injunction entered against Quten and its co-defendants in that case, banning them from marketing Qunol as being six times more effective or providing six times more absorption than rival supplements, or regular CoQ10. Kirby and Rivers said that one of the Qunol products at issue in that litigation was in liquid form.

Kirby and Rivers argued that within three years of the court-ordered injunction expiring, Sanofi and Quten "are back at it" with their advertising practices as to the liquid Qunol CoQ10 products, "making the same core marketing message that got them in trouble in th first place: that Qunol Liquid CoQ10 provides superior absorption compared to competing CoQ10 products."

On May 24, 2024, another customer filed a lawsuit against the defendants, alleging Quten misrepresented the dosage amounts of certain magnesium, turmeric, CoQ10 and fish oil Qunol products, according to Monday's filing. The district court ruled that the plaintiff could proceed with their Unfair Competition and False Advertising laws, Consumer Legal Remedies Act and injunctive relief claims, Kirby and Rivers alleged.

"Time and again, defendants have demonstrated that they simply cannot abstain from making untrue, misleading, and deceptive statements to consumers," Rivers and Kirby said. Similar to prior instances, Sanofi and Quten understand that customers rely on the superior absorption claims when making purchasing decisions, the suit said.

According to the complaint, scientific research has shown that CoQ10 may improve symptoms of congestive heart failure, lower cholesterol in patients with diabetes, ease muscle pain, and shorten the duration or intensity of migraines.

Rivers and Kirby alleged that Qunol first launched 20 years ago and has since expanded its product line, which includes liquid, capsule, soft-gel, gummies, turmeric, magnesium and sleep aid supplements.

The defendants attribute the superior absorption claims to a proprietary water-soluble technology, which has a patent, titled "Stable aqueous dispersion of nutrients," the suit said. According to a footnote in the complaint, the patent expired in October 2020.

However, the patent concedes that nutrients like CoQ10 are not generally dispersible in aqueous systems, the suit said. The patent describes an emulsification technology meant to keep those nutrients in a stable aqueous dispersion, the plaintiffs said. Emulsion is one type of dispersion that can maintain lipophilic compounds like CoQ10 in a solubilized state, according to the suit.

Rivers and Kirby noted that the patent states that the proprietary technology prevents settling, aggregating and other forms of instability that hinders uniformity and reproducible dosing. The emulsion technology is meant to keep CoQ10 in a solubilized, stable state to enable better absorption of the nutrient in the body, the suit said.

"However, contrary to the patent, defendants' liquid CoQ10 fails to hold its emulsification (if it is emulsified at all), and instead settles, creams, flocculates, aggregates, crystallizes and is otherwise unstable," the suit said.

If the liquid CoQ10 is not in the stable, dispersed state described in the patent, it will not have the necessary properties to enable superior absorption compared to other formulations; accordingly, the scientific support for the claimed advantage does not exist, the plaintiffs argued.

Rivers and Kirby said that they tested the liquid CoQ10, which showed visible crystallization and agglomeration and accordingly, demonstrated that it is no better than regular insolubilized

COQ10.

And yet, "superior absorption" is how the defendants advertise and differentiate the liquid CoQ10 from all other forms of the supplement, and that the liquid formulation provides extra health benefits that other CoQ10 supplements cannot provide, the complaint said.

Sanofi and Quten can charge a price premium for the Qunol liquid CoQ10 compared to other formulations, based on its purported superiority, the suit said.

Rivers and Kirby assert six causes of action against Quten and Sanofi, including violations of the New Jersey Consumer Fraud Act, Consumer Legal Remedies Act, False Advertising Law, Unfair Competition Law, declaratory judgment and permanent injunctive relief.

The plaintiffs bring their claims on behalf of three different proposed classes. The first is a national class consisting of all those in the U.S. who bought the Qunol liquid CoQ10 in the U.S. for personal use, as well as customers based in New Jersey and California.

Kirby and Rivers ask the court to certify their proposed classes, order the defendants to pay damages, restitution, and conduct a corrective advertising campaign.

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

The plaintiffs are represented by John C. Herman and Serina M. Vash of Herman Jones LLP, Stuart A. Davidson, Facundo M. Scialpi and Isabelle Klayman of Robbins Geller Rudman & Dowd LLP.

Counsel information for the defendants was not immediately available.

The case is Christa Kirby et al. v. Sanofi-Aventis US LLP et al., case number 2:26-cv-07123, in the US District Court for the District of New Jersey.

--Editing by Vaqas Asghar.

Zymergen Investors Get First OK For $125M Settlement

(June 22, 2026, 9:33 PM EDT)-- Former executives, underwriters and large investors of now-defunct biotechnology company Zymergen received initial approval on Monday of a $125 million deal to end claims that they misled shareholders ahead of the company's initial public offering by approving misstatements about Zymergen's commercial product pipeline.

According to the order signed by U.S. District Judge P. Casey Pitts, the parties engaged in a "lengthy" mediation process for over two years with former U.S. District Judge Layn R. Phillips. The order said that the deal will likely be approved as "fair, reasonable and adequate" after a hearing on Oct. 13.

The settling defendants include several parties involved in Zymergen's 2021 IPO. Zymergen filed for Chapter 11 bankruptcy in October 2023, and discovery was stayed in the litigation until February 2024, when Zymergen's plan of liquidation was finalized, according to the plaintiffs' March motion for settlement.

Lead counsel for the investors will seek fees of no more than $37.5 million, or 30% of the settlement fund, and up to $3 million for expenses, according to Monday's order.

"Given the risks plaintiffs would face at trial, and higher-than-average recovery of the proposed settlement, the Court is satisfied that the proposed settlement falls within the range of possible approval and warrants comment from class members," the order states.

If approved, the settlement would end claims in the suit led by Biao Wang that shares of Zymergen fell 76% in August 2021, less than four months after its IPO, when it revealed "issues with its commercial product pipeline" that would affect its "delivery timeline and revenue projections." The company said it no longer expected revenue in 2021 and expected "immaterial revenue" in 2022, the suit says.

According to the suit, Zymergen's registration statement discussed hyaline — an optical film that would allow customers to make foldable touch screens and high-density flexible printed circuits — and 10 other products in Zymergen's development pipeline.

The registration statement estimated a total market opportunity of $1.2 trillion and a $1 billion opportunity in the display market alone for hyaline, the suit says. The complaint alleges that those and other statements in the registration statement were either untrue statements of material facts or omitted material facts about Zymergen's product pipeline, market opportunity and revenue timeline.

According to the suit, Zymergen had three early investors: DCVC, True Ventures and SoftBank. At the time of Zymergen's IPO, those were Zymergen's three largest shareholders and the only investors allowed to appoint board members. During the lead-up to Zymergen's IPO, the three venture capital firm board appointees were the only members of the Zymergen board's audit committee, which controlled Zymergen's financial statements and its internal audit function.

Judge Pitts determined in August 2024 that the suit established that two of the three appointees controlled Zymergen and that they were controlled by their respective companies. He also said the suit sufficiently alleges that the three investors did have a formal agreement to vote their shares together on key issues, and that taken together, the suit's allegations are sufficient to plead that each of the three investors possessed the power to control Zymergen as it prepared for and registered its IPO, both individually and acting together.

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

The shareholders represented by Shawn A. Williams, Daniel J. Pfefferbaum, Alex N. Jilizian, Ellen Gusikoff Stewart, Juan Carlos Sanchez and Patton L. Johnson Robbins Geller Rudman & Dowd LLP.

Additional plaintiff West Palm Beach Firefighters' Pension Fund is represented by Leslie R. Stern and Patrick T. Egan of Berman Tabacco and Robert D. Klausner and Bonni S. Jensen of Klausner Kaufman Jensen & Levinson.

The individual defendants are represented by Sonal N. Mehta, Peter James Kolovos, Melissa McCall, Joseph Taylor Gooch, Jocelyn Marie Keider, Jessica L. Lewis, Gian Page Gualco-Nelson, Erika M. Schutzman, Christopher William Johnstone and Beth Bookwalter of WilmerHale.

The underwriter defendants are represented by Charlene Sachi Shimada, Alyse Jennings Rivett, Joseph Edward Floren, Kevin M. Papay and Michael L. Kichline of Morgan Lewis & Bockius LLP.

The case is Wang v. Zymergen Inc. et al., case number 5:21-cv-06028, in the U.S. District Court for the Northern District of California.

Cassava Investors Ink $31M Drug Suit Deal Alongside Appeal

(June 22, 2026, 9:48 PM EDT)-- Cassava Sciences investors have asked a Texas federal judge to preliminarily approve a $31 million settlement that ends their claims the pharmaceutical company inflated its stock prices with misleading information about its Alzheimer's drug research, a deal that could be upended if the court's class certification order is reversed on appeal.

The litigation, which was first launched in August 2021 and consists of five similar suits consolidated in June 2022, alleges Cassava misled investors about its data management controls and misrepresented the efficacy of its Alzheimer's disease treatment under development, which led to sharp stock price declines when the truth was revealed.

The parties attempted mediation in 2021, but couldn't reach an agreement, according to the **motion for preliminary approval** filed on Thursday. The parties also came away empty-handed from a second sit-down in May 2025.

In between those two sessions, on March 13, 2024, the plaintiffs filed their motion for class certification — which **was granted** on Aug. 12, 2025. But one week earlier, on Aug. 5, 2025, the two sides had accepted the mediator's proposal to resolve the action for $31.25 million, according to the motion for preliminary approval.

That initial deal was still subject to the negotiation and execution of the terms of a stipulation of settlement.

That stipulation, executed on June 16, "reflects the final and binding agreement among the settling parties."

"In agreeing to settle, plaintiffs and lead counsel made a fully informed evaluation of the risks of continuing to litigate this complex case — including risks related to the completion of discovery and depositions, anticipated summary judgment motions, trial, and other potential appeals — against the benefits of a sizable and certain recovery at this time," Thursday's motion for preliminary approval states.

The deal proposes giving a 30 percent cut of the $31 million to the investors' counsel for their legal fees, plus a payment of expenses.

"In light of Plaintiffs' Counsel's efforts over the past 4+ years without any payment whatsoever, a fee of up to 30% is reasonable and falls within the range of attorneys' fees regularly awarded in this Circuit," the motion for preliminary approval states.

Cassava Sciences, which in March announced it had changed its name to Filana Therapeutics Inc., still denies any wrongdoing, the plaintiffs tell the court.

And if the action had continued, the investors "would face numerous factual and legal risks that could have substantially decreased the class's potential recovery, or eliminated it altogether," the preliminary approval motion states.

In addition, the company's ability to continue operations is an ongoing concern, the investors say.

It currently "has no approved products or product revenues, and the [U.S. Food and Drug Administration] has placed the clinical trials planned to support commercialization efforts for Cassava's sole product candidate on full clinical hold, which Cassava may not be able to successfully resolve," the suit states.

Further, the company has said it may never achieve regulatory approval or bring a product to market, which could cause Cassava to cease operations.

The $31.25 million settlement represents "a substantial portion of Cassava's cash and cash equivalents on hand," the suit states.

The June 16 stipulation of settlement notes that both sides have the right to terminate the settlement and the stipulation by providing written notice within 30 days if the court refuses to give preliminary or final approval to the deal, or if the judgment is reversed or vacated or altered following any appeal, among other triggering events.

Cassava has appealed the court's class certification order; it filed its petition with the Fifth Circuit on Aug. 26, 2025, according to the preliminary approval motion. That appeal is still pending, the preliminary approval motion notes; briefs on the appeal were filed earlier this year and oral arguments are tentatively scheduled for the first week of August, according to the appellate court's docket.

Cassava also reserved its right to terminate the settlement if the parties' class member "opt-out threshold" is exceeded. The percentage is not provided in the stipulation.

Representatives for the investors did not immediately respond to Law360's outreach on Monday; a Cassava spokesperson declined to comment.

The class — as it stands now — includes investors in Cassava securities between Sept. 14, 2020, and Oct. 12, 2023. According to the complaint, on the first day of the class period, Cassava's share prices shot up by 133%, or about $4.43, when it announced that a clinical trial for its Alzheimer's treatment simufilam — the company's lead drug candidate — found significant improvement in Alzheimer's biomarkers.

Over the next few months, Cassava continued to tout the effectiveness of simufilam in press releases, financial filings and scientific journals, the suit alleges.

The truth fully emerged, however, on Oct. 12, 2023, when peer-reviewed academic journal Science published an article stating a City University of New York researcher associated with the research program for simufilam had been subject to an investigation by university officials for possible data manipulation, according to the complaint.

The report stated that the investigators "found evidence highly suggestive of deliberate scientific misconduct" from City University of New York professor Hoau-Yan Wang, who is not a defendant in the suit, according to the complaint.

On this news, Cassava's shares fell $2.68, or about 15%, to close at $14.86 per share on Oct. 13, 2023, the complaint said.

In June 2024, Wang **was indicted** in U.S. District Court for the District of Maryland on felony charges of major fraud against the United States, wire fraud and making false statements, according to the investors' complaint. The Department of Justice, however, subsequently dropped the charges, according to the court docket.

Three months later, in September 2024, the U.S. Securities and Exchange Commission filed securities fraud claims against Cassava, its former CEO Remi Barbier and its former Senior Vice President of Neuroscience Dr. Lindsay Burns, who are also defendants in the shareholders' litigation. Cassava agreed to pay a **$40 million** civil penalty, and Barbier and Burns agreed to $175,000 and $40,000 penalties, respectively, to settle the SEC's claims.

Earlier this year, Cassava announced that the U.S. Department of Justice Fraud Section had closed its inquiry into the company regarding the allegations of research misconduct detailed in the Wang indictment.

The investors are represented by Daniel S. Drosman, Ellen Gusikoff Stewart, Jessica T. Shinnefield, Kevin A. Lavelle, Heather Geiger and Jeremy W. Daniels of Robbins Geller Rudman & Dowd LLP.

Cassava is represented by John Turquet Bravard, Mary Beth Maloney, Michael Scott Campbell, Monica K. Loseman, Gregg Jeffrey Costa and John Thomas Cox of Gibson Dunn & Crutcher LLP.