# No Genius

**10b5daily.com**/2026/07/02/no-genius

Can a company act as lead plaintiff on behalf of its own investors in a securities class action? The PSLRA is silent on that question and it appears to be a novel one for the courts.

In *Genius Group Ltd. v. Citadel Securities LLC*, 2026 WL 1760342 (S.D.N.Y. June 18, 2026), Genius alleged that the defendants artificially depressed the price of the company's shares via spoofing (i.e., manipulative trading that changes the appearance of the supply and demand of the shares). The company sought to act as lead plaintiff in a putative securities class action seeking recovery on behalf of all sellers of its shares, including the company itself, over a three-year period.

The court recognized that under the PSLRA's lead plaintiff provisions, Genius was the presumptive lead plaintiff because it appeared to have the largest financial interest in the relief sought by the class (and it also was the only lead plaintiff applicant). However, the PSLRA also requires a court to assess whether the applicant is typical and adequate under FRCP 23. As to typicality, the court noted that Genius "'disposed of' approximately 80% of its shares during the Class Period through atypical transactions, including conversions, warrant exercises, option exercises, and merger consideration." As to adequacy, the court found that Genius (a) faced unique statute of limitations and reliance defenses, and (b) had proposed, without adequate explanation as to necessity or the fee structure, that the class be represented by three separate law firms (including a lawyer who had been sanctioned in another alleged market manipulation case).

The court declined to appoint Genius as the lead plaintiff. Perhaps even more interestingly, however, it also declined to reopen the lead plaintiff application process. The court noted that Genius would not be prejudiced if it was forced to bring its claims as a single plaintiff. Moreover, the court concluded that it seemed "self-evident that a lawsuit filed by two law firms, with a Motion to appoint three law firms as Lead Counsel and no appropriate Lead Plaintiff, smacks of the sort of lawyer-driven litigation that the PSLRA aims to avoid."

Holding: Motion to be appointed lead plaintiff denied and action directed to proceed on an individual basis.

# Kornit Reaches $19.5 Million Investor Printing Tech Settlement

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Kornit Digital Ltd. agreed to cough up $19.5 million to resolve investor allegations that the printer maker overhyped customer demand while hiding problems that caused defections.

The proposed settlement class would include those who got Kornit shares from Feb. 17, 2021, to July 5, 2022, or pursuant to a November 2021 offering, investors said July 2, seeking preliminary approval of the deal. If approved in the US District Court for the District of New Jersey, the agreement with Kornit, its CEO, and former chief financial officer would end more than three years of litigation over whether they hid that their printers and customer support were unreliable and deficient, angering customers.

- Judge Madeline Cox Arleo last year released from the suit the underwriters of Kornit's 2021 offering—units of Citigroup Inc., Barclays PLC, Goldman Sachs, and Morgan Stanley
- Kornit touted great customer adoption and growth but concealed that its machines were hindered with downtime issues that drove new and existing customers toward competitors, the investor suit alleged

Bernstein Litowitz Berger & Grossmann LLP, lead counsel for the investors, didn't immediately respond to an email seeking comment. Davis Polk & Wardwell LLP and FBT Gibbons LLP represent Kornit and the executives. Neither Davis Polk nor Kornit immediately responded to emails seeking comment.

The case is In re Kornit Digit. Ltd. Sec. Litig. , D.N.J., No. 2:23-cv-00888, motion 7/2/26 .

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# Reckitt Unit Cleared by Jury in Premature-Baby Formula Case (2)



- A jury in St. Louis cleared a Reckitt Benckiser Group Plc unit of a claim that the company hid risks that its premature-infant formula can cause a bowel disease.
- Reckitt and rival Abbott Laboratories face more than 2,000 suits over claims that their products cause necrotizing enterocolitis, or NEC, which the companies deny.
- Mead Johnson said it welcomed the verdict and will continue to vigorously defend itself against all other cases, stating that it strongly rejects any assertion that its products cause NEC.

A Reckitt Benckiser Group Plc unit was cleared by a jury in St. Louis of a claim that the company hid risks that its premature-infant formula can cause a bowel disease that sickened a baby girl.

The verdict Thursday is the latest defense win in a flood of lawsuits alleging Reckitt's Mead Johnson subsidiary knew its cow-milk-based Enfamil formula can cause a sometimes-fatal bowel disease called necrotizing enterocolitis, or NEC, and marketed the specialized preterm hospital product anyway.

Reckitt and rival Abbott Laboratories, the maker of Similac formula, face more than 2,000 suits over the NEC claims. The companies deny their products cause NEC.

In a statement, Mead Johnson said it welcomed the verdict. "We strongly reject any assertion that any of our specialized preterm hospital nutrition products cause NEC," the company said. "We will continue to vigorously defend ourselves against all other cases in the interest of safeguarding the health of premature babies."

Shares in Slough, England-based Reckitt, which owns brands including Dettol disinfectant and Durex condoms, were up as much as 2.1% in early trading Friday in London. They were down about 15% this year through Thursday's close.

Reckitt and Abbott may ultimately face as many as 10,000 such NEC claims, most of which have yet to go to trial, according to Bloomberg Intelligence litigation analyst **Holly Froum**. While the companies have won a few early cases, the possibility of future losses in court could force them to pay as much as $3 billion to resolve all the lawsuits, Froum has estimated.

The St. Louis jury, by a vote of 10-2, rejected claims by Cadence Collins that her daughter suffered “permanent and severe injuries” from the company’s formula. She was seeking $12 million from the jury plus punitive damages.

In an interview, jury foreman Kyle Gray, 56, said that “if it weren’t for all of the contributing factors” affecting the baby, the jury might have favored the plaintiff. He cited the child’s low birth weight and other factors related to her prematurity.

Collins’ daughter was born prematurely at a St. Louis hospital in September 2021. The child was delivered at 25 weeks and three days, according to court filings. She developed NEC after getting Enfamil and bowel problems forced her to have surgery, the filings show. Collins accused Mead Johnson of misleading parents about the safety of Enfamil use by premature babies, especially in intensive-care units.

Ben Whiting, a lawyer for Collins, told jurors during his closing statement on Wednesday that Mead Johnson knew of the health risks but “chose not to warn.” After the verdict, Whiting declined to comment.

Charissa Walker, an attorney for Mead Johnson, told jurors that the baby had been diagnosed with NEC even before she was fed formula and that Collins had been warned of the risks of NEC before her girl was born.

The St. Louis case is Cadence Collins v Mead Johnson, No. 2422-CC01642, Missouri Circuit Court (St. Louis)

(Updates with Reckitt shares in fifth paragraph.)

--With assistance from Jef Feeley, **Jillian Deutsch** and **Frank Connelly**.

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Steve Stroth

# This Week in Chancery Court: Skechers Lawsuit Leadership, Funko

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Jennifer Kay, Bloomberg Law Automation July 6, 2026

- Leadership of a consolidated challenge to Skechers USA Inc.'s $9.4 billion sale is at stake in the Delaware Chancery Court.
- Vice Chancellor Nathan A. Cook will consider final approval for a proposed $8.4 million accord to resolve claims against Funko Inc.'s former CEO and the company's backers.
- Vice Chancellor Paul A. Fioravanti Jr. will consider approving a $12 million cash settlement to resolve a class action claiming Vista Equity Partners Management LLC accepted an unfair price in the 2023 sale of Cvent Holding Corp.

Leadership of a consolidated challenge to Skechers USA Inc.'s $9.4 billion sale is at stake this week in the Delaware Chancery Court.

A look at the court's calendar:

**Wednesday:** Lynch v. Mariotti, Del. Ch., No. 2022-0051, settlement hearing 7/8/26.

At issue: Vice Chancellor Nathan A. Cook will consider final approval for a proposed $8.4 million accord to resolve claims that Funko Inc.'s former CEO and the collectible figurine company's backers manipulated its complex structure to seize distributions destined for public investors. The settlement terms include a $5.4 million cash payment to shareholders and a $3 million "mootness fee" to the shareholder attorneys, who take credit for pushing Funko into restructuring in ways that rendered moot some of their original claims. The attorneys also seek a roughly $900,000 award for fees and expenses.

Court action: Settlement hearing in Wilmington.

Funko Agrees to Pay $8 Million to Resolve Profit Double-Dip Case

**Thursday:** In re Skechers Class Action Merger Litig., Del. Ch., No. 2025-1281, hearing 7/9/26.

At issue: Vice Chancellor Lori W. Will is set to consider leadership applications from four groups of shareholders vying for the chief plaintiff role in the proposed class action against 3G Capital Partners LP and the footwear giant's founders, Robert and Michael Greenberg. Investors represented by Johnson Van Kwawegen LLP and Friedlander & Gorris PA argue they're the top choice because their complaint "incorporates critical evidence" obtained in a parallel appraisal case. Block & Leviton LLP and Elsberg Baker & Maruri PLLC say their plaintiffs are the best to lead because of their claims highlighting "J.P. Morgan's intentional efforts to work both sides" of the transactions. Saxena White PA and Labaton Keller Sucharow LLP say the fund they represent held the largest stake in Skechers "by a wide margin" before the merger announcement. The fourth group, represented by Rolnick Kramer Securities Litigation LLP, Grant & Eisenhofer PA, and Heyman Enerio Gattuso & Hirzel LLP, argues they should lead because they "eschewed potentially lucrative individual appraisal claims to focus exclusively on prosecuting the class's claims and negotiated a class-protective 20% fee cap on attorneys' fees."

Court action: Hearing in Wilmington.

Skechers $9 Billion Deal Case Spurs Lawyer Duel for Lead Role

**Friday:** Genesee Cnty. Emp. Ret. Sys. v. Vista Equity Partners Mgmt. LLC, Del. Ch., No. 2024-0299, settlement hearing 7/10/26.

At issue: Vice Chancellor Paul A. Fioravanti Jr. will consider approving a $12 million cash settlement to resolve a class action claiming Vista Equity Partners Management LLC accepted an unfair price at $8.50 per share in the 2023 sale of Cvent Holding Corp. The lawsuit alleged the $4.6 billion transaction significantly undervalued the events business, which Vista took public about a year earlier for $5.3 billion. "The proposed Settlement represents an approximately 2.7% increase to the Transaction consideration," according to a brief supporting the accord. The law firms representing the pension fund leading the lawsuit seek a $2.4 million award for legal fees and expenses.

Court action: Settlement hearing in Wilmington.

# Investors claim Oracle misled them over OpenAI deal

courthousenews.com/investors-claim-oracle-misled-them-over-openai-deal

(CN) — A public pension fund from a Michigan suburb claims in a class action that tech giant Oracle company misled it and other investors ahead of a $25 billion public note offering linked to a $300 billion cloud deal with OpenAI.

The city of Sterling Heights' Police & Fire Retirement System claims that Oracle and its staff failed to heed warning signs about OpenAI, the controversial artificial intelligence research company whose cloud computing commitments helped push Oracle's artificial intelligence expansion forward.

"Oracle was required to disclose at the time of the February 2026 Note Offering that the customer primarily responsible for the staggering [remaining performance obligations] growth claimed in the registration statement — OpenAI — had missed its internal revenue and new user targets and that OpenAI's own CFO had doubts raised about OpenAI's ability to pay for cloud computing power such as that supplied by Oracle. The registration statement, however, contained no such disclosures," the pension writes.

The pension filed its suit against Oracle, several of the company's current and former executives and board members, and various investment banking firms involved in the underwriting and management of the February 2026 note and its registration statement.

"At the time of the filing of this complaint, the price of the notes sold in the February 2026 Note Offering have fallen significantly from their offering price, damaging plaintiff and the class," the pension writes in the suit filed Wednesday in Davidson County, Tennessee, where Oracle has been in the process of relocating its corporate headquarters to for the last five years.

The pension fund says Oracle highlighted significant growth in its cloud business in the months leading up to the offering, with executives attributing this momentum to "big players" in the ongoing "AI revolution."

It says Oracle informed investors that its remaining performance obligations had swelled to just over $523 billion — an increase from around $97 billion the previous year.

The pension claims the company alluded to a possible agreement with OpenAI before their $300 billion cloud deal was officially announced months later. According to the pension, the surge in RPOs was likely tied to just one customer: OpenAI.

The pension says at the time, OpenAI was not profitable and barely generated a sliver of the revenue needed to make its payments to Oracle, let alone its additional infrastructure commitments to various other counterparties.

The pension claims that to fulfill its commitments to OpenAI, Oracle had to increase its debt, forcing the company to incur tens of billions in new capital expenditures and enter into over $200 billion in long-term lease agreements.

Referencing a related Oracle earnings call, the pension says executives said they expected $50 billion in capital expenditures in 2026 to meet demand for AI-related services, and when investors expressed concerns, executives cited previous growth in RPOs.

“None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the registration statement were true and without omission of any material fact and were not misleading,” the pension writes.

The pension argues that by leaving out these details, Oracle misrepresented its financial outlook in violation of the Securities Act because OpenAI accounted for most of the company’s reported future revenue gains, which executives often referenced.

The pension is asking for compensatory damages and to cancel the purchasing of the notes.

The Sterling Heights’ Police & Fire Retirement System did not immediately responded to a request for comment. The pension is represented by San Diego-based law firm Robbins Geller Rudman & Dowd.

Oracle declined to comment on the case.

# Insulet Misled Investors on Manufacturing Process, Suit Says (1)

A proposed class action against Insulet Corp. and its top executives claims the insulin delivery systems developer made false statements to investors about its manufacturing controls.

Insulet failed to disclose that its manufacturing procedures were defective, according to the suit filed July 2 in the US District Court of the District of Massachusetts. The company's misleading statements concealed a risk that its products would be found to be in violation of safety regulations or pose an injury hazard, the complaint said.

Then-CEO James Hollingshead said in the company's February earnings call that Insulet spent years building a patch pump product with "quality, high yield, safety, and very well protected IP." Then-CFO Ana Chadwick in another earnings call in May boasted of significant investments the company made in manufacturing and advancing automating, the complaint said.

But in March, the company disclosed that it had initiated a voluntary medical device correction for specific lots of its automated insulin delivery system after identifying a manufacturing issue through its product monitoring, the suit alleged. The company's stock price fell 6.88% on the news, the complaint said.

In May, Insulet disclosed the initiation of another voluntary medical device correction for specific lots of insulin delivery system pods due to a manufacturing issue, which resulted in the risk of insulin under-delivery. Shares of Insulet fell 5.07% on that news, the complaint said.

"Insulet is aware of the lawsuit and is reviewing the complaint. We will respond in due course through the appropriate legal channels," Insulet said in a comment. "The company remains focused on executing our strategy and advancing our mission to improve the lives of people with diabetes globally."

The proposed class action seeks damages under the Exchange Act and Rule 10b-5 on behalf of investors who acquired Insulet securities between Feb. 21, 2025 and May 26, 2026.

Andrews Devalerio LLP and Pomerantz LLP represent the plaintiff.

The case is Hu v. Insulet Corp. , D. Mass., No. 1:26-cv-13062, complaint 7/2/26 .

# Cannabis Company, Executives Ordered to Pay SEC $42 Million

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A cannabis company and its executives were ordered to pay more than $42 million in an SEC suit alleging they misled investors about the firm's financial health.

In a ruling Wednesday from Judge Anne Hwang in the US District Court for the Central District of California, American Patriot Brands Inc. and several entities it had acquired were ordered to pay more than $36 million to the Securities and Exchange Commission in civil monetary penalties and disgorgement after the agency alleged they provided "wildly inflated financial information."

APB's CEO Robert Lee will pay more than $5 million and Chief Operating Officer Brian Pallas will pay about $470,000, based on the order. Both executives were also hit with a permanent ban on serving as the officer or director of a public company, as Hwang held they "demonstrated little recognition of the wrongful nature of their conduct."

Hwang in March ordered another APB former executive to pay more than $1 million as part of the same SEC suit that alleged the company raised more than $30 million from investors by providing inflated financial information.

Hwang partially denied the SEC's request for disgorgement from Castro Businesses Enterprises LLC as a relief defendant, ruling the SEC failed to meet its burden to establish CBE received funds the agency alleged were sent from APB.

APB is represented by Goldman Antonetti & Cordova LLC and Clark Hill PLC, which didn't immediately respond to requests for comment.

The case is SEC v. American Patriot Brands , C.D. Cal., No. 2:23-cv-05379, order issued 7/1/26 .

# AmTrust Ends Coverage Suit Against Insurer Over Securities Case

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AmTrust Financial Services Inc. and Forge Underwriting Ltd. agreed to end a dispute over coverage for a securities class action against AmTrust.

The parties reached a settlement that Judge Jed. S. Rakoff of the US District Court for the Southern District of New York signed off Thursday, dismissing the case. No other details were provided.

Forge lost a bid in March to shed the suit. Forge couldn't show that the underlying litigation arose from a "wrongful act" committed after the cutoff date for coverage in an excess run-off directors and officers policy, Rakoff said then.

The underlying class action was brought by preferred stockholders who claimed AmTrust misrepresented that their shares would remain publicly listed after a 2018 transaction that took the company private. That suit was settled for $13 million in 2022.

AmTrust sued Forge in December 2025 under the excess run-off policy, which was meant to cover claims over alleged conduct before or in connection with Amtrust's take-private transaction.

Pillsbury Winthrop Shaw Pittman LLP represents AmTrust. Clyde & Co. represents Forge.

The case is AmTrust Fin. Servs. Inc. v. Forge Underwriting Ltd. , S.D.N.Y., No. 25-cv-10170, 7/2/26 .

# Nearly a Million Investors Lost a Total of $3.8 Billion on Trump Crypto Coin

nytimes.com/2026/07/04/us/politics/trump-coin-crypto-investors-loss.html

Eric Lipton and David Yaffe-Bellany have spent the last 18 months tracking the Trump family's crypto currency ventures.

An up-to-date tally of Trump followers turned crypto investors is in. And for them, the overall results are remarkably bad.

Nearly 1 million people who bought President Trump's memecoin have lost money through the end of June, according to a report by the cryptocurrency analytics firm Nansen. Their losses total $3.81 billion.

The analytics firm's assessment was calculated this week after Mr. Trump signed an annual financial disclosure showing that he walked away with a $636 million payout on the same crypto bet, part of a haul of at least $2.2 billion from all of his business ventures in 2025.

The odds were always in his favor. Mr. Trump profited whether the price of his memecoin went up or down. He collected returns whenever anyone traded the tokens, as he repeatedly pushed his followers to do, using his Truth Social account to promote the coin.

Once a crypto skeptic, Mr. Trump embraced the profit-making opportunity of digital currencies in 2024, while he was running for president. He and his sons founded a crypto start-up called World Liberty Financial, which soon began selling a coin called $WLFI that has also declined sharply.

Three days before his inauguration, Mr. Trump unveiled a second Trump-branded investment — the $TRUMP memecoin, a type of novelty currency with little practical value.

"It's time to celebrate everything we stand for: WINNING!" Mr. Trump wrote on social media. "Join my very special Trump community. GET YOUR $TRUMP NOW!" But that turned out to be bad advice.

Most crypto transactions are publicly visible, recorded on a digital ledger called the blockchain. That allows analysts to trace purchases of digital coins from individual crypto accounts, known as wallets. Nansen's data shows that, as of the end of June, 988,905 buyers of the $TRUMP memecoin have lost money, representing roughly two out of every three buyers.

Cumulatively, these 988,905 wallets have lost a total of $3.81 billion, including buyers who have held on to their stash and recorded paper losses, according to Nansen. The coin was trading at $1.76 as of Friday, down 97 percent from its peak price of $75.35.

Nicholas Pinto is among the losers. A frequent crypto trader who voted for Mr. Trump in 2024, Mr. Pinto said he invested a total of roughly $500,000 in the $TRUMP coin, and has now lost about half that investment.

“He is leveraging the power of being president to launch currencies, when he seems trustworthy in the public’s eye,” Mr. Pinto said in an interview. “It is kind of incredible. It is almost a legal scam.”

The White House this past week rejected any suggestion that Mr. Trump has cashed in at the expense of his followers. Since arriving at the White House, Mr. Trump and appointees have curtailed regulatory oversight of the industry, including policies related to memecoins.

“President Trump proudly made the United States the crypto capital of the world,” Anna Kelly, a White House spokeswoman, said in a statement to The New York Times after Mr. Trump’s annual report was made public on Tuesday. “All actions by President Trump and his administration are taken in the best interest of the American people.”

A representative for the $TRUMP memecoin venture did not respond to a request for comment. David Wachsman, a spokesman for World Liberty, blamed the plummeting value of $WLFI on broader market conditions that have forced down the prices of Bitcoin and other cryptocurrencies.

“No one can control the markets,” he said. “World Liberty stands behind the governance token WLFI, which has had increasing utility in a growing ecosystem since day one.”

Mr. Trump was not the only winner on the $TRUMP coin. After it launched, its price surged from less than $1 to more than $70, creating a window of opportunity for sophisticated crypto traders to extract a big profit.

These advanced traders, often using automated programs to purchase digital currencies, know that memecoins often skyrocket quickly in value and then crash, as the early buyers sell their holdings to less sophisticated, slower-moving investors hoping to get in on the action.

A little under 500,000 crypto wallets have recorded profits from $TRUMP, totaling $4 billion, according to Nansen. But that figure “reflects a small number of early buyers capturing enormous gains while the broad retail majority absorbed the losses,” the report said.

The memecoin was only one of several crypto ventures that reeled in profits for Mr. Trump and his allies.

Mr. Trump's total profits from World Liberty reached $799 million last year, according to his financial disclosure, including hundreds of millions from the United Arab Emirates, which secretly moved in early 2025 to buy nearly half the company. A Trump business entity also collected a 75 percent cut of sales of $WLFI, after the deduction of certain expenses, guaranteeing that Mr. Trump would profit, even if the coin's price ultimately crashed.

The losses on World Liberty's coin are more complicated to track. Initially, the company sold the coin directly to investors, at prices of either $0.015 or $0.05, according to Nansen.

Anyone who bought the coin at $0.05 has made a slight profit, Nansen found. But $WLFI did not become widely available until September, when it started trading on secondary markets, known as exchanges.

Those transactions are not all publicly traceable. Of the 26,663 wallets that Nansen tracked, 85 percent have recorded a loss. The total losses amount to $83 million, compared to $23 million in profits.

But that is likely just a tiny cut of the overall losses — as the others buyers purchased the coins on exchanges whose data is not publicly visible. Today, World Liberty's coin trades at $0.057, down 82 percent since September.

Despite the cratering prices, Mr. Trump has faced few consequences from his ventures, because federal regulators have largely abandoned crypto enforcement.

Stephen Gillers, a New York University law and legal ethics professor, said he would not be surprised if Mr. Trump and his partners eventually face a class-action lawsuit from followers who lost money — even though the Securities and Exchange Commission announced in February 2025 that it will no longer scrutinize memecoin deals.

The $TRUMP memecoin site had warned buyers that they should not see the token as an investment vehicle. "Trump Memes are intended to function as an expression of support for, and engagement with, the ideals and beliefs embodied by the symbol '$TRUMP' and the associated artwork, and are not intended to be, or to be the subject of, an investment opportunity," the website says.

But Mr. Gillers said that this disclosure is likely not enough to curb future legal challenges, even if they have to wait until after Mr. Trump leaves office.

# Securities law developments for the week ending July 3, 2026 | Secondary Sources | National

W today.westlaw.com/Document/Ifb8e7b9e783311f1bc2ca36305f578c2/View/FullText.html

(July 06, 2026) - Westlaw Today recaps the past week's securities law developments, from Securities and Exchange Commission enforcement actions, to proxy adviser legal victories and a crypto Ponzi scheme guilty plea.

**Supreme Court strengthens Trump's hold on key levers of government power**

The U.S. Supreme Court's decision to hand Donald Trump broad authority to fire regulatory agency heads caps off a decades-long conservative push to strengthen the president's grip on key levers of government power.

Read more: https://bit.ly/4vgekGh

**FirstEnergy ex-CEO beats SEC suit over political corruption scandal**

An Ohio federal judge has dismissed a SEC lawsuit alleging former FirstEnergy Corp. CEO Charles E. Jones misled investors about a $60 million bribery scheme related to a nuclear energy "bailout" bill.

**Stock-for-stock exchange is a securities 'purchase,' 5th Circuit says**

A federal appeals court has revived a proposed class action against a Texas oil and natural gas company, ruling that shareholders who received the company's stock in a spinoff have standing to sue for securities fraud.

**Proxy advisers notch third legal win staving off Republican 'anti-ESG' rules**

A federal judge late on June 26 granted a preliminary injunction blocking an Indiana law requiring new disclosures from proxy advisers, marking a third legal victory for Institutional Shareholder Services and Glass Lewis against restrictions backed by Republican lawmakers.

Read more: https://bit.ly/3SYTQUW

**U.S. SEC fines BofA's Merrill Lynch $7.5 million for not flagging enough suspicious activity**

The SEC fined Bank of America's Merrill Lynch unit $7.5 million on June 29 for failing to file numerous reports meant to flag money laundering and other suspicious client activity.

Read more: https://bit.ly/4gjEq7s

**Visa defeats investor suit tied to alleged debit-transaction dominance**

A federal judge has dismissed a securities fraud lawsuit against Visa Inc. for the second time, saying the investors failed to connect the company's alleged misstatements about its debit-routing business to a stock price drop in 2024.

**SEC awards $20 million to whistleblower despite reporting delay**

The SEC has awarded approximately $20 million to a whistleblower whose information and assistance helped shut down a fraudulent scheme.

**NJ man used partner's work laptop for illegal insider trading, SEC says**

The SEC has charged a New Jersey man and his company with illegal insider trading, alleging he used his romantic partner's work laptop to access confidential data and earn $2.7 million in profits.

**Genius Group investor refiles 'spoofing' claims against Citadel, Virtu**

Market makers Citadel Securities LLC and Virtu Americas LLC are facing a proposed shareholder class action alleging they engaged in a yearslong "spoofing" scheme to artificially depress an educational technology company's stock price.

**Crypto firm CEO admits to $250 million Ponzi scheme**

The head of a Florida investment firm has admitted to running a cryptocurrency Ponzi scheme that defrauded more than 1,000 investors out of at least $250 million.

**Michigan judge blocks Kalshi from allowing residents to place sports bets**

A Michigan judge on June 29 blocked prediction market operator Kalshi from continuing to allow people in the state to place financial bets on sporting events after the state's attorney general accused it of violating state gaming law.

Read more: https://bit.ly/4eWQXLE

**Suit asserts Hong Kong brokerage concealed China regulatory risks**

Futu Holdings Ltd. and its leadership misled investors by failing to disclose that the brokerage company was operating in mainland China without regulatory approval, according to a securities fraud lawsuit filed in New York federal court.

**SPAC failed to distribute residual assets to shareholders, suit says**

Special purpose acquisition company Newbury Street Acquisition Corp., its sponsor and five executives and directors failed to distribute trust account funds and a $5.25 million termination fee to shareholders, a Delaware Chancery Court lawsuit says.

**Nevada demand standard dooms self-dealing derivative suit**

A federal judge has dismissed a shareholder derivative action against a Wisconsin-based cleaning products manufacturer and its directors, saying the plaintiff failed to plead that his pre-suit demand on the directors met the particularity standards required by Nevada law.

**Law firm defeats alleged fraudster's appeal in malpractice suit**

The Minnesota Court of Appeals has upheld a judgment for law firm Dorsey & Whitney LLP in a lawsuit alleging it negligently advised a defendant in a securities fraud lawsuit about a possible claim against his former counsel.

**SEC, CFTC seek comment on harmonizing portfolio margining rules**

The SEC and the Commodity Futures Trading Commission have issued a joint request for public comment on potential approaches to harmonizing rules applicable to portfolio margining of securities and derivatives.

**Wall Street regulator seeks feedback on 'novel' ETFs amid product explosion**

The SEC sought public comment on June 30 for regulating "novel" exchange-traded funds, a fast-growing category of products that employ leverage or options or are linked to cryptocurrency and prediction market contracts.

Read more: https://bit.ly/4f1eUSf

**JPMorgan cannot stop paying Charlie Javice's legal bills, Delaware judge rules**

A Delaware judge on July 2 said JPMorgan Chase must continue paying the legal bills of Charlie Javice, the former finance executive convicted of defrauding the bank into buying her startup, after JPMorgan racked up what it called "astronomical" costs.

Read more: https://bit.ly/4eIK0z1

**Trump reports over $1.4 billion in income from crypto ventures**

U.S. President Donald Trump reported more than $1.4 billion in income from his family's crypto ventures last year, showing how Trump now derives most of his income from digital assets that have benefited from his policies, according to a review of his latest financial disclosures on June 30.

Read more: https://bit.ly/4eZR9Kk

**Crypto firms have spent $189 million so far on 2026 U.S. election, report says**

Cryptocurrency companies have spent $189 million so far to influence the 2026 U.S. midterm elections, outpacing their spending for the previous election cycle, according to a new report from Public Citizen, a consumer advocacy organization.

Read more: https://bit.ly/4y3qjth

**OpenAI proposes handing Trump administration 5% stake, FT reports**

OpenAI has discussed giving the U.S. government a 5% stake, the Financial Times reported on July 2, as AI firms face scrutiny in Washington over the likely misuse of advanced models and whether Americans would benefit from the industry's massive valuations.

Read more: https://bit.ly/4bnDoUx

**U.S. Treasury picks BlackRock, Vanguard ETFs for Trump Accounts**

The U.S. Treasury has selected two BlackRock exchange-traded funds for Trump Accounts and named Vanguard as an alternate fund partner for the government's new child savings program, which is set to launch on July 4.

Read more: https://bit.ly/44HkjZJ

**Robinhood expands perpetual futures offering in Europe, plans crypto launch in UK**

Robinhood said on July 1 it plans to launch crypto trading in the UK and broadened its perpetual futures offering in Europe beyond cryptocurrencies.

Read more: https://bit.ly/4ffi3Ps

# Jefferies Sues Western Alliance as First Brand Feud Simmers (1)

Jefferies Financial Group Inc. sued Western Alliance Bancorp, claiming the regional bank unlawfully froze a $25 million account as part of a fight over losses from the collapse of auto-parts company First Brands Group.

According to the lawsuit filed Wednesday in New York state court, Western Alliance froze a deposit account held by Point Bonita Capital, the unit of Jefferies' Acadia Asset Management that provided receivables funding to First Brands.

Western Alliance sued Jefferies in March, accusing the Wall Street firm of failing to repay a loan backed by First Brands receivables and deceiving it into a refinancing arrangement. Executives at First Brands, which filed for bankruptcy in September, have since been charged with falsifying or inflating receivables.

Jefferies disputes Western Alliance's claims, maintaining that it was a victim of the alleged scheme. "Western Alliance Bank has alleged — falsely — that the defendants somehow knew and had reason to know that First Brands was engaged in fraud," Jefferies said in its Wednesday suit.

Point Bonita had about $715 million invested in receivables owed to First Brands when the company filed for bankruptcy, and are likely to see a very low recovery. The fund had part of that exposure pledged into a leveraged facility with Western Alliance, which has said it will take a $126 million charge on the loan.

According to Jefferies, Western Alliance has asserted that its deposit agreement with Point Bonita "allows the bank to freeze the account pending resolution of its litigation claims. That is demonstrably false." Jefferies said Western Alliance was trying to get ahead of the court by "grabbing assets to which it had no right."

Prosecutors have charged four First Brands executives with fraud related to the collapse, including company founder **Patrick James** and his brother Edward. They have pleaded not guilty. Two other executives have pleaded guilty, including former Chief Financial Officer Stephen Graham.

The case is Point Bonita Capital Master Fund A LLC v. Western Alliance Bank, New York State Supreme Court, New York County.

# Data Co. Founder's $25M Fraud Trial Set For January

**law360.com**/articles/2497572

(July 6, 2026, 2:23 PM EDT)-- A Manhattan federal judge on Monday set a January trial date for the founder of California data company Near Intelligence on charges that he conspired to inflate revenues by $25 million, but heard that he is engaging in plea negotiations.

U.S. District Judge Lorna G. Schofield set a Jan. 19 date for defendant Anil Mathews to go before a jury to face **charges including** fraud and conspiracy in a trial that could last three weeks.

Mathews, who was brought to the U.S. in late April after being arrested in France, is engaging in what his counsel described as complex plea talks with prosecutors from the U.S. Attorney's Office for the Southern District of New York.

"We have very different opinions about damages and loss issues," defense counsel Justine Harris said. "We don't want to cause any monkey wrenches here."

Her client looked on Monday dressed in bright yellow prison garb from the Essex County Department of Corrections near Newark, New Jersey, where he is jailed pending trial.

Mathews and MobileFuse founder Kenneth Harlan are accused of scheming between 2021 and 2023 to record fake bookings so that he could make Near Intelligence more attractive for a potential special purpose acquisition take-public deal.

Harlan, of Princeton, New Jersey, is also set to stand trial in January.

A third defendant, former Near Intelligence Chief Financial Officer Rahul Agarwal, is believed to be at large in India, according to prosecutors, who say they don't expect him to be brought to the U.S. in the near future.

Last year, a New Intelligence **trustee sued** MobileFuse in Delaware bankruptcy court, saying the alleged circular payments cost the debtor more than $50 million. Near Intelligence filed for bankruptcy in 2023.

Counsel for Mathews and Harlan did not respond to requests for comment after Monday's hearing. Counsel information for Agarwal was not available.

Mathews is represented by Justine Harris of Harris Trzaskoma LLP.

Harlan is represented by Nicholas Lewin, Daniel Noble, Ross Gitlin and Jessie-Lauren Pierce of KKL LLP.

The government is represented by Allison Nichols, Nicholas Chiuchiolo and Alexander Li of the U.S. Attorney's Office for the Southern District of New York.

The case is U.S. v. Mathews et al., case number 1:24-cr-00630, in the U.S. District Court for the Southern District of New York.

# Semtech Investor Challenges New Disclosure Requirements

law360.com/articles/2496424/semtech-investor-challenges-new-disclosure-requirements-

(July 2, 2026, 7:23 PM EDT)-- A Semtech Corp. stockholder has sued the company in Delaware Chancery Court, accusing it of imposing "massive" and unlawful new disclosure requirements for stockholder actions by written consent.

A **complaint** filed on Wednesday by plaintiff Marc Preysch states that Semtech adopted bylaw provisions last month that expand the company's power beyond what is allowed under Delaware law, and that Semtech's board refused to cure the alleged violations when the matter was brought to its attention.

Preysch alleges that, on June 3, Semtech's board approved new bylaws imposing "extensive" disclosure requirements on any stockholder seeking to act by written consent. Preysch says the bylaws violate Section 228(a) of the Delaware General Corporation Law, which allows stockholder action to be taken by written consent without prior notice.

According to the complaint, through "written consent," investors can approve corporate actions without prior notice or without waiting for a shareholder meeting or a vote.

The complaint states that Semtech's new bylaws require stockholders acting by written consent to first disclose the reason for the proposed corporate action, along with detailed information about the securities they own, derivative and hedging positions, voting agreements, interests in partnerships or funds, short positions, interests in competitors, and a host of other information.

"The list of advance-notice disclosure requirements applicable to actions to be taken by stockholders … is massive," the complaint states. "Almost none of this information is relevant to the board's ministerial function in setting a record date for action by consent."

Under the bylaws, stockholders must also "identify and provide information about other stockholders known to support the proposal, including their names, addresses and ownership stakes … [and] provide any other information reasonably requested by the corporation," the complaint said.

Preysch says the new disclosure provisions violate the DGCL because they both "abrogate stockholders' statutory right to act by written consent 'without prior notice,'" and condition the fixing of a record date on the submission of these disclosures, which are not required under the DGCL or authorized by Semtech's certificate of incorporation.

"Because the information provisions attempt to accomplish through a bylaw what Section 228(a) permits only through a charter provision, they impermissibly restrict the stockholders' statutory right to act by written consent," the complaint states.

The suit seeks declaratory relief and attorney fees.

A similar suit over investors' right to act by written consent without advance notice was filed in May in the Chancery Court against HF Foods Group Inc.

An HF Foods stockholder filed a class action **seeking to void** part of a bylaw that requires stockholders seeking action by written consent to first provide broad disclosures to the company. The complaint says HF Foods' charter does not limit written-consent rights, meaning the company cannot add those limits through its bylaws.

Counsel for Preysch declined to comment on Thursday, and Semtech did not immediately respond to requests for comment.

Preysch is represented by Peter B. Andrews, David M. Sborz, Andrew J. Peach, Jackson E. Warren and Jacob D. Jeifa of Andrews & Springer LLC, Gustavo F. Bruckner and Samuel J. Adams of Pomerantz LLP, J. Abbott R. Cooper of Abbott Cooper PLLC, and William J. Fields, Christopher J. Kupka and Samir Shukurov of Fields Kupka & Shukurov LLP.

Counsel information for Semtech was not immediately available Thursday.

The case is Marc Preysch v. Semtech Corporation, case number 2026-0860, in the Court of Chancery of the State of Delaware.

# DOJ Antitrust Litigator Rejoins Hausfeld In San Francisco

law360.com/pulse/articles/2497442

Hausfeld LLP announced Monday that after a stint serving as litigation counsel with the U.S. Department of Justice's Antitrust Division, an experienced San Francisco-based attorney has rejoined the firm as a partner.

Bonny E. Sweeney joined Hausfeld following nearly four years with the DOJ. She previously spent around seven and a half years with Hausfeld, where she was the firm's antitrust chair and a member of the management committee prior to her move into government service, according to her LinkedIn page.

"Hausfeld has been a leader in antitrust for many years," Sweeney told Law360 Pulse on Monday. "I've seen firsthand how the firm approaches challenging matters with creativity and rigor and I'm excited to return to a team that is consistently at the forefront of plaintiff-side enforcement."

Sweeney, a graduate of Case Western Reserve University School of Law, said her practice focuses on a wide range of complex antitrust matters such as price-fixing, monopolization and tying claims along with related consumer protection and commercial disputes.

"I was honored to serve at the DOJ Antitrust Division and remain deeply supportive of its mission and the talented and dedicated people who work there," Sweeney said. "After several rewarding years litigating major enforcement actions and helping train and mentor lawyers new to litigation, it was the right time for me to return to private practice and represent clients directly affected by anticompetitive conduct."

During her time at the DOJ, Sweeney said, she worked on a number of notable enforcement matters including serving as lead litigation attorney on the Live Nation/Ticketmaster monopolization case and being a part of the trial team that challenged American Airlines and JetBlue Airways' attempt at forming a "Northeast alliance" joint venture.

"My experience trying major government cases and working with enforcement attorneys gives me insight into how agencies approach investigations and trials," Sweeney said. "Government service reinforced the importance of strong evidentiary foundations, disciplined trial preparation, and close attention to how enforcement authorities evaluate competitive effects — all of which I plan to apply in representing plaintiffs in complex antitrust matters."

Along with her time with the DOJ and Hausfeld, Sweeney spent 10 and a half years at Robbins Geller Rudman & Dowd LLP, eight years at Milberg Weiss Bershad Hynes & Lerach and six years with Foley Hoag LLP, according to her LinkedIn page.

"Bonny's return to Hausfeld is an extraordinary moment for the firm and for our clients," global Chair Brian A. Ratner said in a statement. "She is a premier antitrust trial lawyer whose leadership, courtroom experience, and deep understanding of competition law have helped shape some of the most important public and private antitrust enforcement matters in the country. We are thrilled to welcome her back to our partnership as we continue to expand the reach and depth of our antitrust and competition practice."

Hausfeld currently has more than 170 attorneys in its 12 offices in the U.S. and Europe, according to the firm's website.