Artificial Intelligence
Deep Dive

Big Tech's AI Copyright Woes Spur New Wave of Shareholder Suits

July 17, 2026, 2:00 AM PDT

Artificial intelligence is creating yet another legal risk for developers — corporate shareholders are taking to the courts to accuse tech executives of concealing illicit AI practices like scraping copyrighted material to train their models.

Three shareholder derivative suits have been filed in recent months aiming to hold top brass at Microsoft Corp. and Adobe Inc. responsible for allegedly providing false information about AI strategies and failing to disclose their training methods.

The lawsuits say these practices have exposed the companies to legal risks and contributed to stock price dives.

The new suits follow extensive litigation from writers guilds, publishers, authors, and news outlets that say AI companies have been training their large language models on protected works without authorization or compensation.

The two lines of litigation bring into focus the potential consequences of exponential growth and adoption of generative AI. And tech executives now must deal with the legal fallout from supposed copyright violations as well as angry shareholders who say taking on that legal risk was a breach of their fiduciary duties and even securities fraud.

The derivative suits against Microsoft and Adobe cite numerous copyright actions brought against other AI developers that they say should have served as “red flags” to executives. But corporate leaders allegedly failed to stop the misconduct despite witnessing AI giants like Anthropic PBC agreeing to shell out billions to settle such a dispute.

Ann Lipton, a law professor at the University of Colorado, said these early lawsuits serve as “feelers” to see how courts react considering the legal uncertainty surrounding whether it's fair use, and thus permissible, to train AI models on protected works.

They could become more common — and more serious — "if we start seeing more obvious financial harm as a result of copyright violations," she said.

Jill E. Fisch, distinguished professor of business law at the University of Pennsylvania's Carey Law School, said the derivative suits' success may not entirely depend on whether the companies actually engaged in copyright infringement.

"A shareholder suit is based on a decision that causes harm to the corporation," Fisch said.

Beyond the question of whether the tech companies violated copyrights as alleged, "we don't know if that exposure is going to cause harm" just by virtue of the copyright lawsuits being filed, she said.

Forgiveness, Not Permission

Derivative lawsuits are brought by one or more shareholders on behalf of a corporation, typically against directors or officers who allegedly harmed the business by breaching their duties.

Though the type of litigation isn't new, those based on alleged copyright infringement via AI represent a new frontier for derivative suits, said Jonathan Lazarow of Ambrose Lazarow PLLC.

"Executives did the 'ask forgiveness, not for permission' approach, and then adopted and implemented a plan that was just not lawful to use pirated data rather than trying to obtain clean licensed product," Lazarow said, referring to an allegation in one of the two complaints against Adobe executives. "These are major governance issues," he said.

Even if the supposed breach of fiduciary duty is done to earn profits for the company — in this case, improving AI models on copyrighted works — it is "simply not something you're permitted to do on behalf of shareholders, even if you do think it will make more money," Lipton said.

A Microsoft spokesperson said in an emailed statement, "Microsoft stands by the integrity of its public statements and its responsible approach to AI innovation, and we will vigorously defend against these allegations in court," and called the shareholders' claims "without merit."

Adobe didn't respond to requests for comment.

Potentially more troubling are the allegations of securities fraud for misleading investors in statements about their AI strategies in filings with the US Securities and Exchange Commission.

Adobe shareholders, for instance, quote an alleged false statement in a 2023 annual report labeling the company's Firefly generative AI model as "commercially safe" because it is "trained on licensed content, such as Adobe Stock, and public domain content for which copyright has expired."

Clarification of the law surrounding AI and copyright ultimately will add fuel to the derivative suits, Lipton said. "That's when I think more risks may materialize to boards."

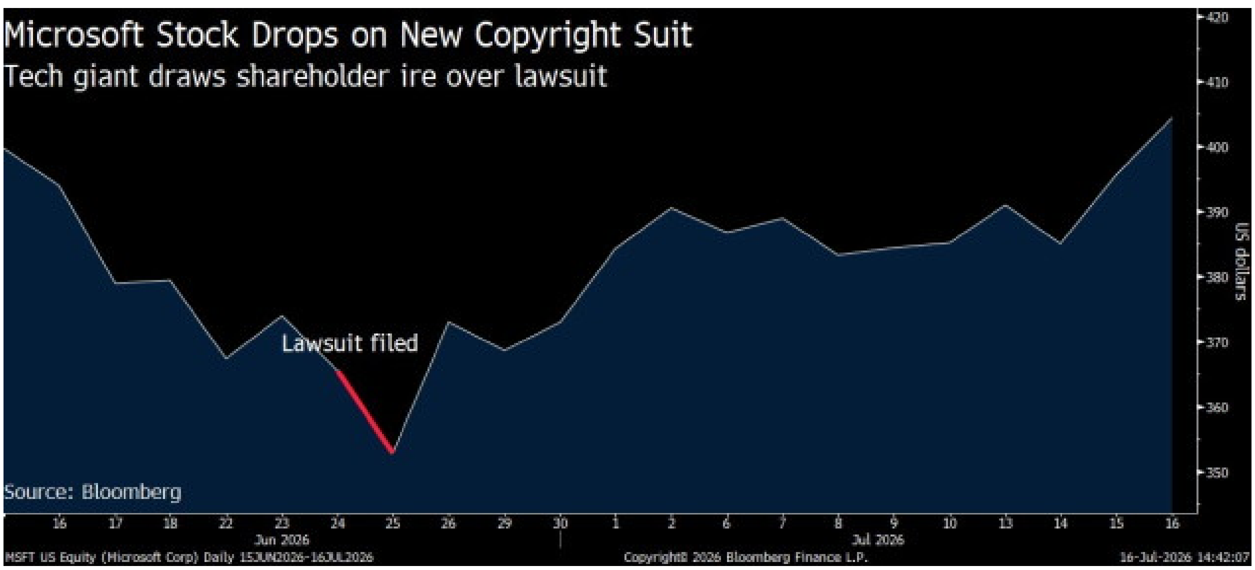
Open Question

One way the shareholders are attempting to define harm to the business is by tracking share price declines coinciding with the filing of new copyright suits.

One of the derivative suits against Adobe, for instance, noted that the company's stock price fell more than 25% between an initial proposed class action copyright infringement case filed Dec. 16, 2025, and another filed Feb. 9, 2026.

Microsoft shareholders also alleged in their complaint that the tech giant's "materially misleading" SEC filings outlining its AI strategy was subsequently exposed in late January by disappointing fiscal year 2026 second quarter earnings, which factored in to a sharp decline in stock price.

Microsoft's share price fell as much as 4.45% the day after 400 small newspapers sued Microsoft and OpenAI for copyright infringement, and closed at its lowest value since November 2023 at $352.83 per share, according to Bloomberg data.



Still, the key question remains: Did Microsoft and Adobe infringe copyrights?

Proceedings in the hallmark AI scraping case of *In re OpenAI, Inc. Copyright Infringement Litigation* , are ongoing, with the small newspaper publishers joining the multidistrict litigation.

And a group of authors in a major case against Meta Platforms Inc. recently failed to secure an early appeal of a fair use ruling in the tech giant's favor, although the judge in that case mostly relied on the plaintiffs' case rather than making a definitive statement on the law.

Until the copyright issue is resolved, the outcome of the derivative suits remains uncertain.

"A lot of these copyright suits are in litigation now," Lipton said. "We're not really sure what the damages are going to look like or what the payments are going to be."

Google app store overhaul expected by end of July

courthousenews.com/google-app-store-overhaul-expected-by-end-of-july

SAN FRANCISCO (CN) — Massive changes are finally expected to hit the Google Play Store next week, nearly two years after a federal judge issued an injunction requiring Google to open up Android to third-party app stores.

In a court filing Monday, Google and Epic Games, the maker of hit games like Fortnite, said they were withdrawing their motion to modify the court-ordered injunction, with Google confirming it plans to open up its Google Play Store to third-party Android app stores and distribute those third-party app stores through Google Play beginning July 22.

U.S. District Judge James Donato told the parties in court Thursday he was "focused on filling the terms of the injunction" and asked the parties to file monthly reports detailing their progress.

Under the injunction, Google will be prohibited from paying companies to launch apps on Google Play first or paying companies not to compete with Google Play. The company will also be prohibited from sharing revenue or paying fees to companies that choose not to compete with Google's Play Store on Android platforms.

The injunction also prevents Google from requiring app developers to use Google Play Billing and prohibits Google from disallowing app developers from telling users about cheaper deals on their app stores or websites for digital goods.

Google will additionally have to carry third-party app stores on Google Play and permit those competing app stores to have access to Google Play's catalog of apps unless they opt out.

The court-ordered changes are limited to the U.S. and run for three years, through 2029.

Representatives for the parties did not immediately respond to a request for comment.

The injunction follows a victory for Epic Games in a monthslong jury trial against Google in 2023.

Epic Games sued Google in 2020 after Google removed Epic's hit game Fortnite from the Google Play Store after Epic hotfixed the game to bypass Google's billing services.

Epic Games accused Google of locking up the app store market on Android through exclusive deals with smartphone makers and scaring users away from sideloading apps through the web by using security warnings telling users the risk of sideloading.

In October 2024, Donato, a Barack Obama appointee, issued a permanent injunction requiring Google to open up its Google Play Store on Android devices to third-party app stores and distribute those third-party app stores through Google Play.

The injunction was initially effective from Nov. 1, 2024, through Nov. 1, 2027, which the judge said would allow competitors to gain a foothold in the Android app store market. However, Donato paused enforcement of his order while Google appealed the injunction to the Ninth Circuit.

Indeed, Google fought the court’s order all the way to the Supreme Court, which rejected the tech giant’s request to delay changes to Google’s app store in October 2025.

The following month, Google and Epic announced they had reached a “comprehensive settlement” and asked Donato to modify his injunction. Following an evidentiary hearing in January, the parties once again requested modifications to the injunction in April, which Donato declined to rule on and ordered a second evidentiary hearing.

In April, Donato approved a separate $700 million settlement brought by a class of consumers and a bipartisan coalition of attorneys general from all 50 states — along with the District of Columbia, Puerto Rico and the Virgin Islands — that Google violated state and federal monopoly laws.

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

The settlement further requires Google to allow the installation of third-party apps outside the Google Play Store on Android phones for at least seven years. It also can’t require developers to simultaneously launch app catalogs on the Play Store when they’re launched on another app store.

Judge questions halting Paramount-Warner Bros. merger

courthousenews.com/judge-questions-halting-paramount-warner-bros-merger

OAKLAND, Calif. (CN) — A federal judge on Friday grilled a Paramount attorney over the planned merger between it and Warner Bros. and Paramount and whether it should be temporarily blocked on antitrust grounds.

U.S. District Judge Araceli Martínez-Olguín declined to rule from the bench during an emergency hearing for a temporary restraining order and would instead rule before the inking of the $110 billion merger scheduled for July 22.

Twelve states filed a lawsuit in the Northern District of California federal court on July 13, saying the merger violated the Clayton Antitrust Act.

During oral argument on the restraining order Friday, James Weingarten, an attorney representing California and speaking for all the plaintiff states, said it was clear the states showed sufficient evidence of the anticompetitive effects the merger between two of the big five Hollywood film studios would have on the movie and cable industries.

“I’ll use one of the defendant’s own quotes and say it will be the largest merger ever in Hollywood. It is an industry-transforming merger,” said Weingarten. “For every dollar produced at the box office, this combined company is going to pocket more than a quarter.”

Weingarten said Paramount’s evidence rebutting the states’ arguments about the merger’s anticompetitive effects did not definitively disprove the merger will harm competition and the companies’ customers, including cable providers that package channels. Weingarten said if the combined company controls 50 channels, it would increase bargaining leverage and could potentially raise prices.

Paramount Skydance attorney Jeffrey Kessler conceded an order delaying the merger for 30 days wouldn’t substantially harm the companies and would allow both parties to continue briefing the court for argument on a preliminary injunction. He said a ruling on a preliminary injunction is preferable before September, when Paramount starts incurring penalties for the delay.

Martínez-Olguín, a Joe Biden appointee, pointedly asked Kessler why the presumption that the merger would create unlawful market concentration is wrong.

Kessler said the states relied on incomplete evidence that didn’t match “real-world economics.”

“It’s not simply enough to put in an expert declaration, that is not the ticket,” he said. “They have to show there is at least a probability that it will bring anticompetitive behavior.”

Kessler said the states’ expert witness who analyzed the film industry market did not include streaming services as competitors in market share statistics. He said one of the biggest movies last year, “F1: The Movie” starring Brad Pitt, was made by Apple Studios — not one of the big five film studios. He argued the market producing and releasing money-making films is also expanding through independent studios like A24 Films.

“Amazon Prime went from making two to 15 movies this year,” he said. “Talent is completely mobile, actors and writers go from studio to studio.”

Weingarten noted Warner Bros. distributed “F1: The Movie,” and films made by smaller companies typically still go through one of the major distributors to be released widely in theaters.

Martínez-Olguín took the arguments under submission and said she would rule before the July 22 deadline.

States joining California in the lawsuit include Arizona, Colorado, Connecticut, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon and Washington state.

A similar lawsuit claiming the merger’s anticompetitive effects on film industry employees was filed on Tuesday by the Writers Guild of America, both east and west divisions, and ruled a related case under Martínez-Olguín.

Paramount signals willingness to accept TRO as fight shifts to merger injunction timeline

DJ dailyjournal.com/articles/393068-paramount-signals-willingness-to-accept-tro-as-fight-shifts-to-merger-injunction-timeline

OAKLAND -- The attorney representing Paramount Skydance Corp. all but conceded at a Friday morning hearing that a federal judge would grant a temporary restraining order sought by a coalition of 12 states halting its planned acquisition of Warner Bros. Discovery Inc.

Jeffrey L. Kessler, a partner with Winston Taylor LLP who represents Paramount Skydance, focused his attention on getting an early hearing on the states' bid for a preliminary injunction that would block the merger between the two entertainment company giants.

U.S. District Judge Araceli Martinez-Olguin did not rule from the bench on the states' TRO motion and promised to rule by next Wednesday, the earliest day when Paramount Skydance could close the $110 billion acquisition if it is approved by the European Union the days before.

The deal already has been blessed by the Trump administration's Department of Justice. But the states, led by California Attorney General Rob Bonta and represented at Friday's hearing by Milbank LLP partner James H. Weingarten, are trying to stop it. *State of California et al. v. Paramount Skydance Corp. et al*., 26-cv-07116 (N.D. Cal., filed July 13, 2026).

While Martinez-Olguin did not say how she would rule, the judge asked Kessler if he could "point me to another district court case that found the defendant successfully rebutted the presumption [of harm to competition] at the TRO or PI stage."

"There are very few TRO or PI cases, period," Kessler responded. "Here I believe [the states] have not met the prima facie case" to block the acquisition.

Kessler and Weingarten spent a significant part of their arguments concerning the scheduling of a hearing for a preliminary injunction.

Martinez-Olguin asked Kessler if he would concede that the company would not be harmed if the deal's consummation was delayed for a few weeks, as long as they received scheduling certainty on the upcoming preliminary injunction hearing.

Kessler said Paramount Skydance is in a "unique situation," saying if the company gets a preliminary injunction ruling by early September, "that would enable us to close before the end of September when we would suffer very severe harm in terms of penalties that total $200 million a month in terms of ticking fees."

Those fees are part of Paramount Skydance's sweetened offer that persuaded Warner Bros. Discovery's directors to accept its offer.

But they are now a key point of dispute between Paramount Skydance, which wants a hearing on the states' proposed preliminary injunction scheduled for next month even if it means accepting a delay in closing the deal, and the states, which oppose such a quick schedule.

"This need for an emergency order is a creation of the states because they've known about this merger since January," Kessler said. "They could have filed their papers a month ago, six weeks ago."

Weingarten said Kessler was conceding the TRO and expressed little sympathy for Paramount Skydance's financial concerns.

"The proposal that your honor enter a TRO, just extend it 28 days, and then we have a hearing in the middle of August or the end of August to suit the defendants' needs to avoid a payment they negotiated to make is beyond the pale," he said.

"It's unprecedented, it's unfair, and frankly it's completely unhelpful to the court," Weingarten added. "We also don't have time to get documents from all the third parties, all the data. It will be a hearing that will have no function for your honor."

Weingarten said the judge could decide the TRO, and the preliminary injunction, on the papers, as Chief Judge Troy L. Nunley of the Eastern District of California did in granting an injunction blocking Nexstar Media Group Inc.'s acquisition of fellow local TV news channel owner Tegna Inc.

Nexstar has appealed Nunley's preliminary injunction to the 9th U.S. Circuit Court of Appeals. *DirecTV LLC et al. V. Nexstar Media Group Inc. et al.*, 26-2490 (9th Circ., filed April 22, 2026).

During the remainder of Friday's hearing, Kessler and Weingarten debated the substantive merits of whether the merger should be approved.

Kessler argued that the merger of two of the five major film studios is not too significant because plaintiffs are not counting other competitors and their blockbuster films, such as Apple Inc.'s F1 and the horror film Obsession, produced independently for less than $1 million that has made $428 million worldwide.

Weingarten countered that the vast majority of "tentpole" film releases are made by major film studios and noted that F1 was distributed by Warner Bros.

"We meet our standard very clearly to get a temporary restraining order and a preliminary injunction," he told the judge.

The lawyers also argued about the impact of the merger on cable television companies, with Kessler touting the benefits of streaming while Weingarten countered that there has not been a new cable channel in 60 years.

On Thursday, Martinez-Olguin denied a request by consumer plaintiffs for a preliminary injunction to block the Paramount-Warner Bros. acquisition while taking the companies' motion to dismiss the lawsuit under submission. *Faust et al. v. Paramount Skydance Corp. et al.*, 26-cv-3790 (N.D. Cal., filed April 30, 2026).

The states' Clayton Act complaint was filed in the Northern District of California, where Bonta prefers to file when he has cases in the state because the venue is comprised almost entirely of judges appointed by Democratic presidents - all but eliminating the possibility that the case would have drawn a judge appointed by a Republican.

The Central District of California, where the companies are based, includes more Republican appointees.

Martinez-Olguin related all three Clayton Act lawsuits filed against the merger earlier this week: the state attorneys general lawsuit, Faust, and a separate complaint filed by the Writers Guild of America.

Bloomberg Law

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ESSA Pharma Investor Fails to Advance Suit Over Cancer Trial

July 17, 2026, 7:50 AM PDT

ESSA Pharma Inc. and former executives shed allegations that the pharmaceutical company overhyped its potential prostate cancer treatment before its clinical study of the drug combination failed.

The investor leading the case failed to sufficiently allege an inference of securities fraud that outweighed since-acquired ESSA and its top executives' more innocent explanation, Judge William C. Griesbach said, dismissing the proposed class action for now.

The investor painted a picture of ESSA and former executives David R. Parkinson and Peter Virsik "touting their primary drug project as overcoming all odds, despite clear and ongoing evidence that the exposure obtained in trials was insufficient across the board," the US District Court for the Eastern District of Wisconsin judge said Thursday. All the while, an executive allegedly profited by selling inflated stock.

But that doesn't outweigh ESSA and the executives' explanation of projecting reasonable optimism for the drug, he continued. The defendants argued that drugmakers often face struggles while pursuing novel treatments, and stifling innovation to guard themselves from securities fraud claims would be a disservice to medical advancements.

ESSA announced on Oct. 31, 2024, that it was ending the combination trial of its drug masofaniten with another, enzalutamide, saying it didn't see a clear benefit of taking the pair together versus the latter on its own. The pharmaceutical company said it was abandoning development of masofaniten.

The next day, ESSA's stock price plummeted more than 73% to close at $1.40 per share — its sharpest one-day drop on record, according to data compiled by Bloomberg.

ESSA was acquired by a nonprofit research foundation last year.

ESSA misrepresented the potential for its treatment while knowing that pairing the drugs would make it harder to get enough masofaniten into patients for clinical significance than testing it alone, the investor alleged.

But the investor didn't sufficiently plead that ESSA's representations of its treatment or the study were materially false or misleading, or the level of intent or recklessness to defraud, Griesbach said.

"ESSA presented ongoing findings at conferences and in public filings and promptly cancelled the trial once it became clear that the M-E therapy did not demonstrate a clear efficacy benefit over Enzalutamide alone," Griesbach said.

“On balance, the court cannot say that Plaintiff has shown its inference is ‘at least as strong’ as Defendants’,” he said.

The investor can replead within 30 days of Griesbach’s order.

Pomerantz LLP represents the proposed class, which aims to cover those who acquired ESSA stock from March 15, 2023, to Oct. 31, 2024. Skadden, Arps, Slate, Meagher & Flom LLP represents ESSA and the former executives. Neither of these law firms immediately responded to emails seeking comment.

The case is Van Groll v. ESSA Pharma Inc. , E.D. Wis., No. 1:25-cv-00124, 7/16/26 .

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Securities

Extreme Networks Investors Gain Class Status in Backlog Suit (1)

July 17, 2026, 10:44 AM PDT; Updated: July 17, 2026, 11:21 AM PDT

Summary by Bloomberg AI

AI Generated

- Extreme Networks Inc. must face an investor class action over allegedly overstating consumer demand and inflating its backlog.
- A US District Court judge certified a class of shareholders who bought Extreme stock from July 27, 2022, to Jan. 30, 2024, saying the company failed to rebut a presumption that the investors relied on its stock price.
- The investors allege that Extreme engaged in a "channel-stuffing scheme" and misrepresented its backlog, and the judge said the company failed to demonstrate a lack of price impact from the alleged misstatements.

Extreme Networks Inc. must contend with an investor class action over whether the computer connectivity company overstated consumer demand when its financial performance was actually boosted by an inflated backlog.

Extreme failed to rebut a presumption that a group of shareholders relied on its stock price when making investment decisions, Judge Trina L. Thompson said, certifying a class of those who got Extreme stock from July 27, 2022, to Jan. 30, 2024.

The investors' expert demonstrated stock price impacts from the alleged misstatements and share price decreases on later revelations that purportedly exposed those misrepresentations, the US District Court for the Northern District of California judge said Thursday.

Investors leading the case had their claims survive a motion to dismiss earlier this year.

Extreme allegedly touted strong demand for its networking equipment when, in reality, the company forced distributors into taking on unwanted inventory — a channel-stuffing scheme — investors said.

And the company represented its backlog had low cancellations when it actually was contractually designed to be cancelled and filled with orders that wouldn't convert to revenue.

Investors are afforded a presumption of classwide reliance thanks to the Supreme Court's decision in *Basic Inc. v. Levinson*, Thompson said Thursday. This presumption says stocks trading in an efficient market absorb the impacts of any misrepresentations, and so purchasers of those shares may be considered to have done so with a reliance on the misstatements.

Defendants can rebut that presumption by demonstrating a lack of price impact, which can be done through severing the link between front-end misstatements and back-end, stock deflating disclosures.

Extreme said the investors' alleged corrective disclosures didn't reveal any aspect of the purported channel-stuffing scheme or instead attributed backlog declines to supply-chain normalization and industrywide, already-public factors — a sufficient difference from the alleged misrepresentations.

But Extreme here failed to do so when Thompson compared its assertions of a mismatch between the alleged misrepresentations and market selloffs to the investors' allegations.

Instead, identifying the precise connections between the stock price and statements about the backlog here was a challenge to "loss causation" — something to be reserved for a later stage of the case.

Extreme said in response to an email that it doesn't comment on pending litigation.

Mismatch Test

Class certification heightens pressure on defendants to settle.

The "mismatch" test has been a favored tool in trying to undercut investor class certification since a high court decision involving Goldman Sachs.

Following that ruling, the US Court of Appeals for the Second Circuit dismantled a class of Goldman investors, finding a wide-enough gap between alleged generic misrepresentations and corrective disclosures to sever the link with its stock price.

The investors' proposed model for calculating classwide damages was also up to scratch for purposes of certification, Thompson said.

Labaton Keller Sucharow LLP is class counsel. Latham & Watkins LLP represents Extreme.

The case is Steamfitters Loc. 449 Pension & Ret. Sec. Funds v. Extreme Networks, Inc., N.D. Cal., No. 3:24-cv-05102, 7/16/26.

Apple targets dozens of OpenAI employees with legal letters

FT ft.com/content/1b8c9d52-88a9-426b-ba47-f1811f859166

Apple has targeted dozens of OpenAI employees who once worked for the company with personal legal warnings as it looks for evidence to support its claims that the ChatGPT maker stole its trade secrets.

About 40 former employees now working at OpenAI have been sent letters directing them to preserve documents and communications and demanding meetings with Apple's lawyers, according to multiple people familiar with the matter.

Apple and OpenAI declined to comment.

The decision to hit employees with personal legal letters highlights Apple's aggressive tactics after it last week launched a blockbuster lawsuit accusing OpenAI and two employees of stealing secret hardware plans.

The clash comes as the ChatGPT maker is working with the smartphone giant's ex-chief designer to develop its own devices.

Apple claimed in its court filings that the evidence it had included was the "tip of the iceberg" regarding the alleged conduct by OpenAI. The AI lab has said that while it takes the allegations seriously, it is not aware of "any evidence that the complaint has merit".

OpenAI said it had "no interest" in other companies' trade secrets.

The lawsuit marked a spectacular breakdown in the relationship between two of the biggest names in Silicon Valley, creating a major legal problem for the start-up as it prepares for its highly anticipated IPO.

Apple's lawsuit claims that OpenAI's entire hardware business is compromised by misappropriated trade secrets, creating legal complications for its plans to launch its own family of AI devices.

The two companies have previously worked together to integrate OpenAI's technology into its voice assistant Siri. But Apple has since partnered with Google on its latest features, using its models as the foundation for its ChatGPT-like voice and text assistant unveiled in June.

The lawsuit filed last Friday names only two individuals, including a top Apple device designer, now OpenAI's head of hardware. It does not name OpenAI chief executive Sam Altman or Jony Ive, former design chief at Apple, who joined the company last year when the ChatGPT maker bought his design studio io for $6.4bn.

But in a sign of just how broad and combative the legal fight could become, shortly after filing the lawsuit Apple's lawyers sent a barrage of individual letters to about 10 per cent of the 400 former employees who now work at OpenAI, the people said.

OpenAI's first device is expected to be a portable, palm-sized gadget for the home, similar to a smart speaker. The design does not include a screen but will incorporate a microphone and cameras that allow it to take audio and visual cues from the environment.

The device will support an AI assistant that can draw on a user's personal data and daily interactions, according to people familiar with the company's plans. Even before the Apple lawsuit was filed, OpenAI did not expect to start shipping the device this year.

OpenAI had wrestled with challenges around the personality of the assistant that balances its helpfulness with potential obtrusiveness, the FT reported last year. It has also grappled with privacy concerns and the difficulty of finding chips powerful enough to run OpenAI's models on a mass-consumer device.

Artificial Intelligence

Google Must Give Gemini Rivals Equal Access to Android, EU Says

July 16, 2026, 5:00 AM PDT

Google faces a European Union directive to open up its Android operating system to artificial intelligence rivals for certain features and give search data to competing online engine providers.

The EU watchdog said that under the bloc's Digital Markets Act Google must allow users to activate their preferred AI assistant via voice commands by July next year. The European Commission also said that by January 2027 third-party search engines should have the same access to search data that currently only Google Search can collect at scale — particularly from AI chat bots.

While the announcement is not a finding of non-compliance with the DMA, it aims to pressure Google to re-engineer its services in order to bring their technologies in line with the bloc's rule — which lays out a raft guardrails to keep Big Tech behavior in check.

"Society is going through a profound digital transformation. We need to keep that process fair and ensure that our citizens have choice," EU competition chief **Teresa Ribera** said in a statement on Thursday. "Our decision will help smaller competitors, search engines, or AI assistants, to compete and provide that choice, while protecting the user's privacy."

The escalation comes as Alphabet Inc.'s Google separately faces significant fines running into multiple millions under the DMA, over allegations it unfairly favors in-house services across its sprawling search empire and for preventing app developers from steering consumers to offers outside of its Play Store.

For its part, Google rebutted the EU's escalation on Wednesday, with Global Affairs President Kent Walker saying that the decisions "risk undermining vital privacy and security guardrails for millions of Europeans." In a statement, he said that the company has "repeatedly offered solutions to safeguard users while satisfying the DMA's goals, but these rulings discount extensive evidence of user harm."

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Regeneron Investor Sues Over Cancer Drug Trial Miss, Stock Drops

July 16, 2026, 12:39 PM PDT

Summary by Bloomberg AI AI Generated

- Regeneron Pharmaceuticals Inc. is accused of overhyping its third-phase study of a drug combination to treat late-stage skin cancer before disclosing that the trial missed its main goal.

- The company and its executives allegedly mischaracterized a risk of the study failing caused by a prolonged slowdown in event accruals, and knowingly or recklessly disregarded that the actual risk of clinical failure had dramatically increased.

- A proposed class action seeks damages for alleged securities fraud by Regeneron and three of its executives, representing those who acquired Regeneron stock from Aug. 1, 2025, to May 15, 2026.

Regeneron Pharmaceuticals Inc. overhyped its third-phase study of a drug combination to treat late-stage skin cancer before disclosing that the trial missed its main goal, a proposed class action said.

Regeneron and top executives touted its phase III clinical trial of fianlimab in combination with cemiplimab to be a first-line treatment for metastatic or locally-advanced melanoma. But they mischaracterized a risk of the study failing caused by a prolonged slowdown in event accruals, an investor said in the complaint filed Thursday.

"Defendants repeatedly and falsely characterized this slowdown as a likely positive development that reflected the durable efficacy of the active treatment arms, while knowingly or recklessly disregarding that the actual risk of clinical failure had dramatically increased due to the nature of the delay," the investor told the US District Court for the Southern District of New York.

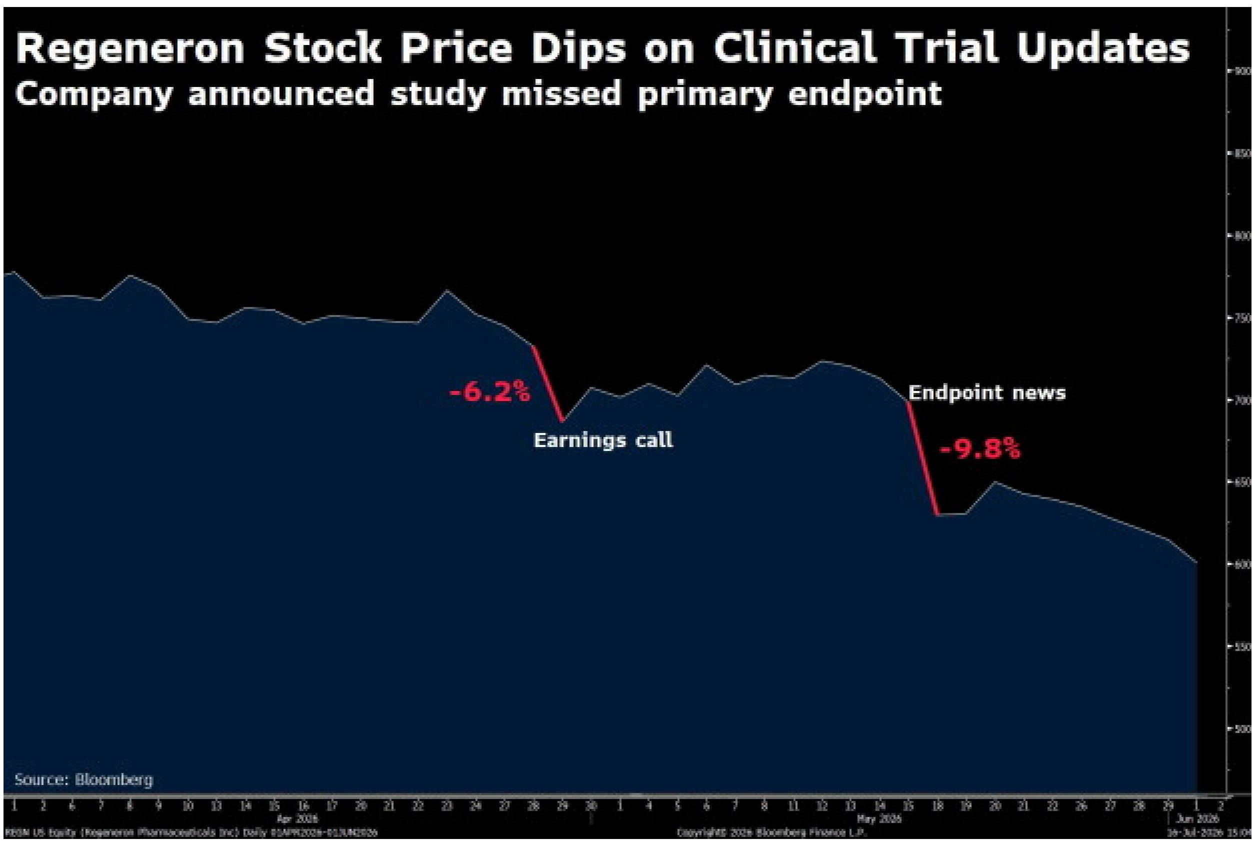
Investors started cluing in after an April 29, first quarter earnings call, the suit said. An executive said that the study had been altered by expanding the number of patients eligible for an analysis of progression-free survival — how long a patient lives with a disease without it worsening. Its share price slid 6.2% to close at $686.36 that day.

"Despite being forced to issue a last-minute amendment to the study's protocol in order to increase the acceptable patient pool for consideration of the primary endpoint analysis, Defendants continued to suggest that this crawling pace with which the study was reaching event accruals necessary for comparison was a positive development absent the control group doing 'something miraculous' to offset the treatment arm's performance," investor Allen Cheatham said.

The proposed class includes those who acquired Regeneron stock from Aug. 1, 2025, to May 15, 2026.

That day, Regeneron said its trial didn't reach statistical significance for its primary goal of improvement in progression-free survival compared to blockbuster cancer treatment Keytruda.

Regeneron's stock price fell almost 10% to close at $629.68 a share May 18, the next trading day — its sharpest single-day slide in almost a year, according to data compiled by Bloomberg.



Another phase III head-to-head trial is pending.

Regeneron didn't immediately respond to an email seeking comment.

Levi & Korsinsky LLP represents Cheatham, who seeks damages for alleged securities fraud by Regeneron and three of its executives.

The case is Cheatham v. Regeneron Pharms., Inc. , S.D.N.Y., No. 7:26-cv-06026, complaint filed 7/16/26 .

US judge won't block Meta from laying off workers who filed AI discrimination lawsuit

reuters.com/business/world-at-work/us-judge-wont-block-meta-laying-off-workers-who-filed-ai-discrimination-lawsuit-2026-07-17

July 17 (Reuters) - A U.S. judge on Friday rejected a bid by 26 employees of Meta Platforms (META.O), opens new tab to block the tech giant from laying them off while they pursue claims that they were targeted for job cuts by the company's AI-powered tools because they have disabilities or took medical leave.

U.S. District Judge William Orrick in Oakland, California, in a written order, opens new tab said he would not stop Meta from carrying out the layoffs beginning July 22 while the merits of the workers' novel legal claims are decided in private arbitration.

The judge said the workers could not show that losing their jobs amounted to the "irreparable harm" required for him to issue an emergency order blocking the layoffs.

A Meta spokesperson declined to comment. The company has denied wrongdoing and said that decisions involving the layoffs were made by humans.

Lawyers for the plaintiffs in a joint statement said that while Orrick denied their request, he also recognized that the lawsuit raises "serious questions" about Meta's conduct.

"The Court expressly stated that it may reconsider its determinations 'based on any additional evidence the parties provide regarding whether and how AI was used' in the reduction in force," they said.

Meta in May notified nearly 8,000 employees, or about 10% of its global workforce, that they were losing their jobs as the company doubles down on its investments in AI.

The lawsuit filed on Monday claims that in selecting jobs to cut, Meta relied on AI tools that measured productivity and AI token usage, disadvantaging people who missed work because of medical conditions or to care for family members. The company also relied on performance reviews based in part on employees' adoption of AI, the plaintiffs said.

The case appears to be the first against a major U.S. company to challenge the alleged use of AI in conducting layoffs.

'NO DO-OVER'

The plaintiffs had asked Orrick for a temporary restraining order blocking Meta from completing its layoffs while they pursue their claims in private arbitration.

Their motion for a preliminary injunction, a longer-lasting temporary order, is pending. Orrick on Friday suggested that he could change his mind once he has more information about the layoffs.

Lawyers for the plaintiffs said during a hearing on Thursday that along with their jobs and salaries, the workers stood to lose valuable stock options and their health insurance, imperiling their medical care for pregnancies and other conditions.

"There's no do-over for bonding with a new baby or giving birth or having active medical treatment," one of the lawyers, Barbara Cowan, told Orrick.

Erin Connell, who represents Meta, countered that the workers were losing only employer-subsidized insurance, and not their coverage altogether. Those are the typical kinds of damages that can be recouped later on if the plaintiffs win their cases in arbitration, Connell said.

The workers say Meta's agreements require employees to arbitrate workplace disputes individually, but do not apply to requests for temporary relief.

Most workers at large companies sign arbitration agreements, which generally require employees to pursue workplace claims individually rather than through class actions in court. Companies say arbitration can provide a faster, cheaper alternative to litigation, while critics say it often favors employers and discourages workers from bringing claims.

Exceptions in arbitration agreements for temporary relief are common, but they are typically invoked in cases involving the alleged theft of trade secrets or the solicitation of clients or employees, and not layoffs of at-will employees.

The plaintiffs, who filed the lawsuit anonymously, include engineers, managers, researchers and designers. They were notified in May of the layoffs, which are scheduled to be finalized on July 22 for many workers and later in July or August for others, according to court filings.

Laid-off workers remain on the payroll but lost access to Meta systems on May 20 and have not performed work for the company since, Meta said in court filings.

They claim that Meta used a number of internal AI-assisted systems to score and rank employees on a termination list. Those included a large language model assistant known as "Metamate," an employee-trained "second brain" that tracked workers' communications and documents, and a productivity score drawn from scanning keystrokes, screen content, emails and browser history, according to the lawsuit.

Meta did not pause these systems while employees were on vacations and legally protected leave periods, and their AI adoption scores used as inputs for layoff selection dropped as a result, the plaintiffs said.

SEC Proposes New E-Delivery Approach to Make Information More Readily Accessible and Useful for Investors

The Securities and Exchange Commission today proposed Regulation E-Delivery, a new rule that would expand the ability of issuers, broker-dealers, investment advisers, and others to use electronic delivery to satisfy information delivery requirements under the federal securities laws.

Regulation E-Delivery would make information more readily accessible and useful for investors and others while preserving the ability to receive delivery in paper format on request. Currently, required regulatory information typically is delivered in paper format unless the recipient affirmatively elects otherwise. The proposed e-delivery approach includes requirements and conditions under which required information could be delivered electronically without first obtaining affirmative consent. It generally would supersede the Commission's decades-old, guidance-based e-delivery approach and provide savings to issuers, market intermediaries, and, ultimately, investors, in paper, printing, and postage costs.

"Today, the Commission took an important step toward allowing the financial services industry to harness technology for the benefit of everyday American investors. By proposing to permit electronic delivery to become the default method for issuers, market intermediaries, and others to communicate with investors, we are taking another stride toward a regulatory framework suitable for the modern era, a key pillar of my agenda," SEC Chairman Paul S. Atkins said in a statement. "In an age of artificial intelligence and blockchain technology, a default to paper delivery should be a relic, not a standard."

The proposal reflects how today's issuers, market intermediaries, investors, and others use electronic media to provide and access information. E-delivery offers the opportunity to give investors and others potentially more personalized, interactive, timely, and efficient experiences with disclosure than paper delivery. It also provides accessibility and retention benefits. The range of information deliverable electronically under the proposed rule would be broad, including, among other things, prospectuses for funds and other issuers, fund annual and semi-annual shareholder reports, proxy statements, trade confirmations, disclosures pursuant to Form CRS, and Form ADV Part 2 Brochures.

The proposal includes a transition process for investors and others who are currently receiving regulatory information in paper format. These recipients would receive two paper notices if they would be transitioned to e-delivery under the rule, which would provide information about the upcoming transition and the ability to opt out of e-delivery.

Business & Practice

Think Tank Sues SEC Seeking Business, Big Law Communications

July 16, 2026, 1:01 PM PDT

A small-government think tank is suing the Securities and Exchange Commission for failing to hand over communications with Big Law firms and corporations following a Freedom of Information Act request.

In a lawsuit filed Wednesday in the US District Court for the District of Columbia, the National Legal and Policy Center said the agency failed to respond in a timely manner to the group's request for the SEC Division of Corporation Finance's communications with three firms and nine corporations over two four-month periods in 2024 and 2025. The records request was filed in July 2025.

The group had sought communications involving Gibson, Dunn & Crutcher LLP, Wilmer Cutler Pickering Hale and Dorr LLP, and Davis Polk & Wardwell LLP, as well as corporations including ExxonMobil and Bank of America Corporation.

The case is assigned to Judge Carl J. Nichols, a former WilmerHale partner.

The nonprofit has sought to rollback corporate diversity, equity, and inclusion initiatives through shareholder proposals and company engagements. It said in a Thursday press release that the requested records "would tell investors something the SEC does not want known" by revealing how corporate attorneys reach the SEC outside formal channels to ask the agency to exclude proxy proposals from votes.

The SEC stopped weighing in on what shareholders proposals could exclude last November.

NLPC told the court that officials responsible for records requests at the agency repeatedly stonewalled the group, despite prior commitments to hand the documents over by an April deadline.

"The records were 'being processed,' then 'still processing,' then under 'internal liaison review,' then in March of this year — 'nearly complete,' with release expected 'by April 30, 2026.' April 30 came and went without a word," the lawsuit says.

The filing says a May 5 status inquiry wasn't answered, and later that month the group was told the request was still "ongoing".

“Enough is enough,” NLPC’s filing says.

An SEC spokesperson declined to comment.

NLPC is seeking an injunction to compel the agency to hand over the requested communications, as well as attorneys fees and court-recommended discipline for SEC employees involved in handling the request.

“The defiant message was: narrow your request to records that are already public, or wait another year. Or two,” the NLPC said in a press release Thursday.

The NLPC is represented by attorney Paul Kamenar, listed on the organization’s website as its counsel.

The case is NATIONAL LEGAL AND POLICY CENTER v. SECURITIES AND EXCHANGE COMMISSION , D.D.C., 1:26-cv-02471-CJN, 7/15/26

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Court says Meta must turn over 'youth-user wellbeing' records to DC attorney general | Business Information & News | FE

today.westlaw.com/Document/I6c79cd70814e11f18f57ef4c02bb969d/View/FullText.html

WASHINGTON, July 16 (Reuters) - Meta Platforms failed on Thursday to persuade Washington, D.C.'s top court to halt a judge's order requiring it to hand over internal documents to the District of Columbia attorney general as part of a lawsuit accusing the social media company of deceiving consumers about the safety of Facebook and Instagram for children.

A three-judge panel of the District of Columbia Court of Appeals denied a petition from Meta that sought to overturn a lower-court judge's order forcing it to produce documents that could be used as evidence in the attorney general's lawsuit.

The four documents at issue were described in court filings as communications among Meta researchers about "youth-user wellbeing." A D.C. Superior Court judge found they were not shielded by attorney-client privilege because they fell under an exception that can strip confidentiality from communications that are used to further or conceal a crime or fraud.

Meta in a statement said it disagreed with the ruling, as two other courts had agreed that those same records were protected by attorney-client privilege.

"Our legal team partners with researchers to help ensure studies comply with the law and that research summaries are clear and accurate," Meta said.

Spokespeople for D.C. Attorney General Brian Schwalb did not immediately respond to a request for comment.

Schwalb, a Democrat, is pursuing the records as part of a lawsuit alleging Meta violated the district's Consumer Protection Procedures Act by developing addictive products for children that duped the public about their safety.

The case is one of thousands by individuals, municipalities, states and school districts nationwide seeking to hold Meta and other social media companies responsible for allegations that they designed their platforms to be addictive to young users. Meta has denied any wrongdoing.

The company is battling similar allegations in other state and federal courts. Claims brought by California and three other states are heading to trial in August in federal court in California, where Meta said this month the plaintiffs are seeking $1.4 trillion in penalties.

Meta has disclosed more than 2.5 million documents to the D.C. attorney general, according to Thursday's ruling.

Meta argued that the four communications in dispute reflected conventional legal advice on how to mitigate legal risk and to "modify or use careful language." Meta said the documents show communication about how to describe and present research and not to delete or falsify it.

But Judge Roy McLeese, writing for the appeals court, said Meta had failed to show Superior Court Judge Yvonne Williams clearly erred when she held that Meta "sought and heeded the advice of its counsel to obfuscate its potential liability during the related multidistrict litigation."

"As we have noted, we see no clear and indisputable error in the trial court's ruling that there was probable cause that Meta used attorneys to further an alleged fraud," McLeese wrote.

He said the court was not ruling on whether Williams' crime-fraud finding was ultimately correct and stressed it was not barring Meta from later challenging the judge's disclosure order.

The dispute drew interest from various advocacy groups, including the U.S. Chamber of Commerce, which backed Meta and urged the appeals court to stop the disclosure order.

The case is In re Meta Platforms Inc, District of Columbia Court of Appeals, No. 26-OA-0001.

For Meta: Mark Mosier of Covington & Burling

For D.C.: Ashwin Phatak of D.C. Attorney General's Office

Meta says US states are seeking $1.4 trillion in penalties in August youth safety trial

Meta loses bid to dismiss US states' claims that Facebook, Instagram addict children

New Mexico seeks $3.7 billion, changes to Meta platforms in youth harm trial

Holding company, execs face investor suit over 'wealth transfer' scheme | Secondary Sources | National

(July 17, 2026) - GPGI Inc. and three current and former directors have been hit with a proposed securities class action alleging the industrial holding company misled investors about a $5 billion acquisition that increased management fees paid to a related company.

City of Warren Police and Fire Retirement System v. GPGI Inc. et al., No. 26-cv-5951, *complaint filed* (S.D.N.Y. July 14, 2026).

Executive Chairman David M. Cote and Principal Executive Officer Thomas R. Knott touted the deal's value for investors, but later slashed GPGI's financial guidance after the acquisition performed poorly, according to the complaint, filed July 14 in the U.S. District Court for the Southern District of New York

The City of Warren Police and Fire Retirement System seeks to bring the suit on behalf of a class of investors who purchased GPGI stock between Nov. 3, 2025, and May 6, 2026.

'Structural conflict'

According to the complaint, Knott and Cote became GPGI directors after they acquired a majority stake in the company in September 2024, the suit says.

GPGI then spun off a newly formed subsidiary, Resolute Holdings Management Inc., as a publicly traded company in February 2025, the complaint says. Many of the GPGI directors who approved the spinoff became Resolute Holdings directors, and Knott and Cote retained control of it, according to the suit.

As part of the spinoff, GPGI agreed to pay Resolute Holdings a management fee equal to about 10% of annual adjusted earnings before interest, taxes, depreciation and amortization, according to the complaint.

The management agreement gave Resolute Holdings control over GPGI's day-to-day operations and allowed it to enter into similar agreements with other GPGI acquisitions, the suit says.

The plaintiff argues this created a "structural conflict" that incentivized GPGI's management to acquire new businesses and increase Resolute Holdings' management fees at the expense of

GPGI shareholders.

GPGI announced Nov. 3, 2025, that it would acquire plastic manufacturing equipment provider Husky Technologies Ltd. for approximately $5 billion, the suit says.

Defendants touted the deal to investors, with Cote calling Husky a business he and Knott "have long admired," the complaint says.

The plaintiff claims the primary motivation was to generate millions in fees for Resolute Holdings.

Following the announcement, GPGI's stock price rose by 3.42% while Resolute Holdings' stock soared 97%, according to the complaint.

'Wealth transfer vehicle'

On Feb. 26, short seller Jehoshaphat Research published a report describing GPGI as a "wealth transfer vehicle" and claiming that the holding company had overvalued Husky to obtain shareholder approval for the acquisition, the suit says.

The report claimed GPGI and Husky used accounting gimmicks to inflate its value, citing former Husky employees who said the company improperly recognized revenue by shipping products to its own parking lot.

On May 7, GPGI reported "abysmal" results for its new Husky segment, with adjusted EBITDA plunging 40.2% year-over-year, according to the suit.

GPGI slashed its full-year guidance, causing its stock to fall nearly 26%, the complaint says.

In addition to GPGI, Cote and Knott, the suit also names Resolute Holdings and former CEO Jonathan C. Wilk as defendants.

J&J loses $47.7 million appeal in estate's talc-related wrongful death case | Secondary Sources | National

J&J loses $47.7 million appeal in estate's talc-related wrongful death case

(July 16, 2026) - Johnson & Johnson has failed to persuade a state appellate court to vacate a jury verdict for the estate of a woman who died of mesothelioma after decades using the company's allegedly tainted talcum powder.

A trial judge properly instructed the jury on damages and upheld its verdict on claims that Theresa Garcia's daughter and estate administrator brought against J&J, a panel of the Illinois Appellate Court said July 10 in a 2-1 decision.

The panel determined that the lower court's evidentiary rulings did not affect J&J's right to a fair trial.

Nearly 50 years of talc use

Garcia claimed that she developed mesothelioma as a result of exposure to asbestos from talc products, including Johnson's Baby Powder, she had used for nearly five decades.

She sued J&J and Johnson & Johnson Consumer Inc. in Illinois' Cook County Circuit Court in April 2020, asserting claims for negligence, strict liability, fraudulent misrepresentation, breach of implied warranties, and willful and wanton conduct.

After Garcia died in July 2020, her daughter, Stephanie Salcedo, took over as plaintiff and filed an amended complaint, adding survival and wrongful death claims. Salcedo also pursued a liability claim against Johnson & Johnson Holdco NA Inc. and Kenvue Inc. as successors-in-interest to J&J's consumer products business.

In April 2024, a state jury awarded the estate $12 million in wrongful death damages and $33 million in survival damages, including $3 million for Garcia's pain and suffering, emotional distress, disfigurement, and loss of normal life.

It found that Kenvue was 70% responsible for Garcia's injury and death, while J&J and Holdco were each 15% at fault.

Circuit Court Judge Patrick J. Sherlock entered judgment in favor of the estate based on the jury's determination. He later rejected J&J's motion for judgment notwithstanding the verdict, a new trial or remittitur and granted Salcedo's motion for prejudgment interest, adding more than $2.6 million to the $45 million awarded against J&J, Kenvue and Holdco.

J&J said the damages award should be reduced by $30 million because the survival claim was not allowed under state law and that successor liability should not have applied to the JJCI successor entities. It challenged the trial court orders separately, and the appeals were then consolidated in the state appellate court.

Verdict not a 'double recovery'

Justice Michael B. Hyman, joined by Justice Aurelia Pucinski, said the lower court did not err in allowing recovery for survival damages.

The Illinois Survival Act, View more Negative Treatments755 Ill. Comp. Stat. Ann. 5/27-6, allows compensation for the years Garcia lost due to mesothelioma and permits her estate to continue her claim, according to the majority opinion.
"The verdict form used the phrase 'shortened life expectancy' to describe that loss, while separately compensating her for 'loss of normal life.' The former concerned the length of life taken from her, the latter the quality of the life she lived after injury," Justice Hyman wrote.

Justice Celia G. Gamrath dissented, saying that shortened life expectancy damages are future-oriented and should be recoverable only by living plaintiffs, not by estates after the plaintiff has died.

"This understanding accords with the Restatement (Second) of Torts § 926 (1979), which limits survival recovery to harms sustained before death," the dissenting opinion said.

The appellate court denied Kenvue and Holdco judgment notwithstanding the verdict on the ground that both entities were merely a continuation of JCCI's dissolved operations.

"The restructuring did not materially change how the baby powder business operated," according to the opinion.

Planet Fitness faces investor suit over misleading growth claims | Secondary Sources | National

(July 16, 2026) - Planet Fitness Inc., its CEO and former chief financial officer are facing a proposed securities class-action lawsuit alleging they misled investors about the company's marketing strategy and growth prospects.

Matsunaga v. Planet Fitness Inc. et al., No. 26-cv-576, *complaint filed* (D.N.H. July 14, 2026).

The fitness company, CEO Colleen Keating and former CFO Jay Stasz concealed that a new marketing campaign was "actively intimidating" its core customer base of casual gym goers, shareholder Norie Matsunaga says in a complaint filed July 14 in the U.S. District Court for the District of New Hampshire.

The company's stock price plunged more than 31% in May following corrective disclosures, the suit says.

Matsunaga seeks to recover damages on behalf of all investors who purchased Planet Fitness stock between Nov. 6, 2025, and May 6, 2026.

'Resonating' messaging?

According to the complaint, Planet Fitness painted a rosy picture for investors in late 2025 and early 2026, touting "significant progress" and a "strong join trend."

During a November 2025 investor call, Keating claimed the company's marketing "has legs to extend into 2026" and that "the messaging is resonating and most importantly, it's driving joins."

The company also unveiled plans for a three-year growth algorithm, premised on the continued success of its marketing and a planned price increase for its popular "Black Card" membership from $24.99 to $29.99.

The company also issued strong guidance for 2026, including systemwide sales growth of 4% to 5%, the complaint says.

Price hike paused, stock drops

The optimistic outlook continued into 2026, even after Stasz's abrupt departure March 9, the suit says. At the time, Planet Fitness reaffirmed its full-year financial guidance, but the truth emerged on May 7, when the company announced a "slower than expected start" to the year, the complaint says.

On an earnings call, Keating admitted the company's marketing, which had shifted to feature "more advanced aspirational gym goers," had less resonance with its traditional base. "We may have pivoted too far," she said.

Planet Fitness slashed its guidance for same-store sales growth to just 1%, paused the national rollout of the Black Card price increase and withdrew the three-year growth forecast it had introduced six months earlier.

The news caused the company's stock price to fall from $63.96 to $44.01 in a single day, a decline of about 31.19%, according to the complaint.

Alleged securities law violations

Matsunaga alleges the defendants knew their marketing was failing and that the company was "experiencing a significant headwind in net member joins" even as they publicly touted its success.

The complaint points to analyst reports following the May 7 disclosure, with one suggesting that the company's "attempt to thread the needle by attracting existing fitness club users while maintaining its appeal to first-time gym goers backfired by essentially intimidating its core market."

The company's statements concealed that its projections were unachievable and that it would be forced to overhaul its marketing strategy, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C.A. §§ 78j(b) and 78t(a), the suit says.
By Westlaw Today

SEC settles six-year-old fraud case against YouPlus, former CEO | Secondary Sources | National

(July 16, 2026) - The SEC has settled its six-year-old fraud case against tech startup YouPlus Inc.and former CEO Shaukat Shamim, who was accused of defrauding investors by misrepresenting the company's revenue, customer base, and fundraising prospects.

Securities and Exchange Commission v. YouPlus Inc. et. al., No. 20-cv-4855, *final judgements entered* (N.D. Cal. July 13).

In final judgments entered July 13 in the U.S. District Court for the Northern District of California, YouPlus and Shamim agreed to certain permanent injunctions. Shamim also agreed to an officer-and-director bar and to pay disgorgement and prejudgment interest totaling $870,731, an amount deemed satisfied by restitution ordered in a parallel criminal case.

The SEC filed its complaint in July 2020, alleging that YouPlus and Shamim raised approximately $11 million from investors in 2018 and 2019 through false and misleading statements about the company's financial condition and business prospects.

According to the complaint, YouPlus, a Mountain View, California-based private company founded by Shamim in 2013, claimed to have developed a machine-learning tool to analyze online videos and produce customer insights for marketers, researchers, and brand managers. The SEC alleged Shamim falsely told investors that YouPlus had earned millions of dollars in annual revenue and had more than 150 customers, including Fortune 500 companies.

The commission alleged that YouPlus in fact had earned less than $500,000 in total revenue since its inception and had only about four paying customers. Shamim also allegedly told at least one investor that a prominent venture capital firm had committed to lead a Series A financing round, when no such commitment had been secured.

The SEC said the alleged scheme began to fall apart in late 2019 after investors pressed Shamim for documentation supporting YouPlus's claimed revenue. According to the complaint, Shamim provided falsified bank statements showing deposits from purported paying customers that had never occurred, then later admitted to investors that he had overstated the company's revenue and customer traction.

YouPlus consented to the final judgment without admitting the SEC's allegations. Shamim consented to judgment and previously pleaded guilty in a parallel criminal case to securities fraud.

In that criminal case, Shamim was sentenced in 2025 to 30 months in prison, three years of supervised release, and a $50,000 fine, and ordered to pay $5.675 million in restitution.

The Inside Story of IBM’s Shocking Profit Warning

WSJ wsj.com/tech/the-inside-story-of-ibms-shocking-profit-warning-839ef4f2

IBM’s IBM -3.19%decrease; red down pointing triangle board was staring down difficult news: The second quarter had been a bust.

Directors had long known that the artificial-intelligence revolution would upend the technology icon’s business, but the pain came sooner than expected, leaving the company with a tough choice, according to people familiar with the discussions.

Board members debated whether to issue a rare warning that bad news was coming or wait for the numbers to hit the tape a week later when executives could discuss them with investors, the people said.

After asking tough questions of CEO Arvind Krishna, the board agreed to take its medicine and disclose the disappointing results in the hopes of winning credibility for transparency. “This quarter we faltered,” Krishna wrote in an investor letter that IBM published hours before markets opened Tuesday.

The stock plunged 25%, the worst day in the century-old company’s history.

International Business Machines, a company that helped send humans to the moon, worked on America’s Social Security system and built a supercomputer that beat contestants at “Jeopardy!” is reckoning with the punishing realities of the AI boom.

It is one of the first big corporations to confront the costs and disruptions of the fast-evolving technology—and have to explain itself to anxious investors. Even as IBM helps its customers adapt to the AI age, it was caught flat-footed by it.

The news has sparked discussions on Wall Street about whether IBM should be broken apart or an activist investor will come hunting for Big Blue. It isn’t clear how much guidance the company will be able to give investors when it reports full quarterly results next week, one of the people said.

Krishna “needs to get this straightened out quickly because the last thing any 63-year-old CEO can afford is being stigmatized as a spotty executor that is responsible for historic selloffs,” said Don Bilson, head of event-driven research at Gordon Haskett, in a note to clients this week.

IBM declined to comment. Krishna promised to go into deeper detail when he hosts a conference call next Wednesday. “We have conviction in the strength of our portfolio and the strategic transformation of our business,” the IBM boss wrote in his letter.

Fears that AI tools from companies such as Anthropic and OpenAI would replace software have rattled the shares of Salesforce, Workday and Snowflake over the last year. IBM presents a different problem. Its warning this week showed that investments in AI infrastructure such as memory and new cybersecurity concerns are displacing spending on hardware, too.

Squeezed between server orders and AI build-outs, some of IBM’s customers now treat the tech giant as discretionary spending, said Daniel Morgan, a portfolio manager and analyst at Synovus Trust.

“I think you might see some, ‘Hey, we’ll hold off on this for a couple quarters…we don’t need to upgrade to the new mainframe right now,’ ” Morgan said. “That’s kind of hurting them.”

Missing out

Unlike other AI-infrastructure providers and cloud companies such as Nvidia, Google and Oracle that rent computing capacity, sell chips and offer networking hardware, IBM sells hardware and software systems that corporate customers install at their own sites. Its customer base includes leading financial-services firms and retailers.

The company’s top leaders have discussed whether it has become too reliant on large accounts that come with inconsistent deals and upgrade cycles that they can push off in lean times, people familiar with the matter said. They have talked about the need to diversify and court a wider range of customers, such as midsize companies, but it would take time to see if such an approach paid off, one of the people said.

Board members will be watching to see if Krishna’s team comes together, because this will be a test of his leadership. Some also are concerned that the company might swing to a more conservative stance that could hamper growth. The board is expected to meet again in late July.

One IBM alum, who now runs his own AI company, praised Krishna for his candor and said the market reaction was overblown.

“The punishment doesn’t fit the crime,” Debanjan Saha, CEO of DataRobot, wrote on LinkedIn. “This selloff wasn’t about a quarter. It was the market repricing a question: can a 115-year-old enterprise company lead the agentic era, or merely survive it?”

IBM has reinvented itself many times, transitioning from tabulators and time clocks in its earliest days to personal computers, mainframes and supercomputers and later AI and hybrid cloud computing.

Saha noted that the company had survived antitrust battles, the PC wars and the rise of the internet. “Every obituary was premature,” he wrote. “This one will be too.”

Krishna’s era

Krishna, who joined IBM in 1990 as a software engineer, was appointed in 2020 to succeed CEO Ginni Rometty. The selection of an executive who had been senior vice president for cloud and cognitive software signaled where the company was headed.

IBM bought open-source software company Red Hat for $34 billion, a deal Krishna helped integrate and would become a major growth driver. Software accounted for about $30 billion of IBM’s $67.5 billion in revenue last year.

IBM further sharpened its focus on the cloud-computing market with investments in hybrid cloud computing software and quantum computing. It spun off IT-outsourcing business Kyndryl to further simplify the business and bought cloud-software company HashiCorp.

Krishna told people last year that he expected AI would replace around half of the work in many workflows, increasing productivity and job reallocations. IBM has trimmed thousands of roles from its 260,000-person workforce and has hosted reskilling programming for its own staffers.

While Wall Street was initially skeptical of Krishna, his strategy started to bear fruit. As recently as last year, the company’s army of consultants had built up billions of dollars of bookings helping customers navigate how generative AI would change their business, and its software business was growing.

In April, IBM struck a first-of-its-kind settlement with the federal government, paying more than $17 million related to its diversity practices. The next month, its stock popped when the Trump administration awarded the company $1 billion in grants to boost quantum computing. IBM said it would invest $1 billion of its own cash alongside the award to set up a specialized quantum-chip manufacturing facility.

The stock’s drop this week has pushed its market capitalization below $200 billion, leaving it dwarfed by companies such as Broadcom ($1.8 trillion) or AMD ($800 billion) that were once seen as small suppliers to giants like IBM.

IBM and its advisers are aware that this week’s bad news could make it vulnerable to an activist investor showing up in its shares or pushing it to examine potentially splitting the company up, according to people familiar with the matter.

The quarterly warning was especially unusual coming from IBM, an American blue chip that held a reputation among investors for results that are steady, if unspectacular. For decades, IBM chief executives didn’t even participate on earnings conference calls, leaving such matters to the company’s financial executives.

Board members are aware that the near-term is likely to be messy and that an impatient Wall Street is unlikely to tolerate two or three more quarters of underperformance, according to the people familiar with the board discussions.

Gary Cohn, who has been IBM’s vice chairman since 2021, suggested Wednesday on CNBC that the change in companies’ spending on technology products and services might be temporary. While IT budgets set months ago have been disrupted by high spending on computing, companies are now starting to question the return on investment. Some, Cohn said, are asking whether they should go back to reinvesting in proven enterprise infrastructure.

Asked about the decision to warn about the poor results, Cohn said, “Arvind took it upon himself to say, ‘Look, I want to be transparent with the world. I don’t want to surprise them.’ ”

Pharma Co. Beats Investor Suit Over Prostate Drug Trial

law360.com/articles/2502317/pharma-co-beats-investor-suit-over-prostate-drug-trial

(July 16, 2026, 9:52 PM EDT)-- A Wisconsin federal judge ruled Wednesday that investors of prostate cancer treatment developer Essa Pharma Inc. have not shown they were misled by the company on the efficacy of its lead drug candidate, which was not as effective as an existing treatment for certain cancer patients in a terminated clinical trial.

U.S. District Judge William C. Griesbach dismissed the suit without prejudice, saying in his **order** that the amended complaint does not show an inference as strong as the opposing inference that "each representation made corresponded with reasonable optimism over the course of a drug's trial."

According to the complaint, which was most recently amended last August, Essa's lead and most advanced product candidate was masofaniten, an oral drug that inhibited the progression of prostate cancer.

Despite Essa's representations that masofaniten, when used in combination with the "standard of care" for a certain prostate cancer patient population called enzalutamide, showed promising results among certain cancer patients, the company knew that the treatment would not meet its efficacy goals long before it revealed in October 2024 its decision to terminate a study involving the drugs, the complaint alleges.

The "area under the curve" is an important metric for evaluating drugs, according to the suit, and Essa knew that enzalutamide would interfere with masofaniten reaching its 300,000 AUC threshold requirement but still made misleading representations about masofaniten's efficacy, the suit claims.

Throughout the class period, the defendants represented that the combination of drugs was proving to be an effective treatment, the suit says. For example, at a conference in April 2024, Essa CEO David R. Parkinson, who is also a defendant in the suit, made a representation about getting "good exposures" in both masofaniten and enzalutamide in the trial, which the suit claims was misleading.

But the court said Thursday that the suit's "characterization of 300,000 AUC as a floor for significance is inconsistent with Essa's full representations," and that claims deemed misleading or false based on trial results under 300,000 AUC do not meet the pleading standard.

"Defendants' statements that masofaniten's exposure levels during testing were clinically significant, 'therapeutic,' 'high,' 'excellent,' or 'good,' in light of its findings, were not actionable misstatements," the order states.

On Oct. 31, 2024, Essa announced that it was terminating the second phase of its combination study, saying there was "no clear efficacy benefit seen with the combination of masofaniten plus enzalutamide compared to enzalutamide single agent."

On this news, shares of Essa fell $3.80, or about 73%, to close at $1.40 on Nov. 1, 2024, according to the suit.

The court also said that even if it assumed Essa's statements were inaccurate, the suit has not alleged scienter.

"Defendants' representations do not support plaintiff's contention that defendants believed an AUC of masofaniten below 300,000 would have no effect, especially when combined with enzalutamide," the order said.

Judge Griesbach also said the court does not need to address the investors' claims they were financially harmed by the alleged misstatements because they "were not materially false or misleading, nor is there a plausible inference of scienter."

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

The proposed class is represented by Brian P. O'Connell, Joshua B. Silverman and Genc Arifi of Pomerantz LLP.

Essa and the individual defendants are represented by Lara A. Flath and Marcella L. Lape of Skadden Arps Slate Meagher & Flom LLP.

The case is Van Groll v. ESSA Pharma Inc et al., case number 1:25-cv-00124, in the U.S. District Court for the Eastern District of Wisconsin.

AI Governance Tips For Avoiding Securities Suits

law360.com/articles/2496430

Dunn v. Upstart Holdings Inc., a securities class action against an artificial intelligence-powered lending platform **filed** in the U.S. District Court for the Northern District of California on April 7, highlights a growing reality for public companies: Statements about AI are increasingly being scrutinized not only by regulators, but also by shareholders.

The class action alleges that Upstart overstated the accuracy of Model 22, its proprietary AI underwriting model, while that model was overreacting to macroeconomic signals, suppressing loan approvals and weighing on revenue. It is one of the latest signs that AI-related claims, once largely confined to regulatory enforcement, are now generating real litigation exposure.

For public companies, AI is no longer just a technology topic. It is a disclosure and governance issue that touches securities filings, earnings calls, investor presentations and now consumer-facing representations.

The challenge is not simply whether to talk about AI, but how to do so in a way that is accurate, consistent and aligned with how the business actually operates. As with many emerging areas, the rules have not changed, but the expectations around how companies apply them have.

The Regulatory Baseline: Same Rules, New Lens

While the U.S. Securities and Exchange Commission has not adopted AI-specific disclosure rules, it appears, at least for now, comfortable relying on the existing disclosure framework. That framework, grounded in materiality and anti-fraud principles, is well understood. What is changing is how those principles are being applied.

From a practical standpoint, this means companies should disclose AI where it meaningfully affects the business; statements about AI capabilities or strategy must be accurate and supportable; and known risks, limitations or dependencies should not be omitted. In practice, most companies address AI within existing disclosure categories, including risk factors, management's discussion and analysis, and business descriptions, rather than creating stand-alone sections.

Recent SEC commentary and enforcement activity reinforce that AI-related disclosure is not a niche issue. It is being evaluated in the same way as any other statement that could influence an investor's decision-making.

While there are no AI-specific SEC disclosure rules currently in effect, there are early signs of where expectations may continue to evolve. In December 2025, the SEC's Investor Advisory Committee **recommended** that companies consider more structured approaches to AI-related disclosure, including defining how AI is used, describing board-level oversight and addressing the impact of AI on operations where such is material.[1]

Although these recommendations are not binding, several commissioners have expressed skepticism about AI-specific mandates, signaling that formal rulemaking in this area is unlikely in the near term. Nonetheless, the recommendations reflect a growing expectation that companies approach AI disclosure with greater clarity and consistency within the existing framework.

The Core Risk: When Messaging Doesn't Match Reality

For many public companies, the real challenge is ensuring that what is being said about AI holds up across all channels.

In practice, scrutiny often arises where there is a disconnect between narrative and execution. Examples include situations where AI is highlighted as a key differentiator while underlying capabilities are still developing, where investor-facing materials emphasize AI-driven growth without addressing dependencies or limitations, or where SEC filings lag behind how prominently AI features in earnings calls or strategy discussions.

These situations are rarely intentional. They are often the result of fast-moving internal developments outpacing disclosure processes. This dynamic is often described as AI washing, in which companies overstate or mischaracterize the role or capabilities of AI in their business.

The SEC has already brought enforcement actions in this area, underscoring that statements about AI are subject to the same anti-fraud standards as any other disclosure. Some companies may take the opposite approach, sometimes referred to as AI hushing, by underemphasizing or omitting AI-related risks or dependencies.

Both dynamics highlight the same underlying principle: Disclosure should present a balanced and accurate picture of how AI is actually used in the business.

Companies should be mindful that AI-related statements are increasingly expected to be verifiable and grounded in current capabilities, rather than forward-looking or aspirational in nature. A helpful discipline is to periodically align internal stakeholders around a simple question: Does our external messaging accurately reflect how AI is actually being used today?

Framing Disclosure Around Business Impact

AI disclosure does not always need to be technical to be effective. Investors are focused on understanding how AI affects the business, not necessarily how it is engineered. As a result, effective disclosure would typically address where AI is being used across the organization; how it contributes to strategy, efficiency or revenue generation; what risks accompany that use; and how those risks are being managed.

This approach keeps disclosure grounded in what matters most, while avoiding both overly generic statements and unnecessary technical detail. As is the case with other disclosures, generic or boilerplate references to AI are unlikely to be sufficient, so disclosures should be tailored to reflect how the AI is actually used and where the real exposure lies.

Third-Party AI: An Increasingly Important Consideration

As companies adopt AI, many are doing so through third-party tools and infrastructure rather than fully proprietary systems.

This is often the right business decision. However, it introduces considerations that are becoming more relevant from both a disclosure and a governance perspective, including reliance on external providers for critical functionality, limited visibility into how models operate or evolve, data usage and confidentiality considerations, and potential differences between vendor representations and actual performance.

Where third-party AI plays a meaningful role in operations or in how the company is presented to investors, it is worth evaluating whether that reliance is appropriately reflected in disclosure.

Governance: Integrating AI Into Existing Oversight Frameworks

AI does not necessarily require a separate governance framework, but it does require a thoughtful approach.

Boards are increasingly expected to understand how AI fits within the company's broader risk profile and to oversee management's approach to those risks. In practice, that means management should be able to clearly map where AI is being used; that key risks, including operational, data and vendor-related risks, should be identified; that oversight responsibilities should be clearly defined; and that boards should receive updates as use cases evolve or expand.

For most public companies, the focus should be on integration, not reinvention. AI should be incorporated into existing risk oversight structures in a way that is proportionate to its significance.

A March report from Institutional Shareholder Services suggests that governance practices in this area are still catching up in adoption.[2]

While AI is now widely embedded across operations, only about 8% of U.S. public companies analyzed currently disclose formal board oversight of AI, and even fewer have paired that oversight with a defined AI policy. At the same time, investor expectations are moving in the opposite direction, with increasing focus on board-level accountability for AI use and risk.

Proxy advisory firms and institutional investors are increasingly evaluating whether boards have directors with AI-relevant expertise and whether proxy statements address AI oversight. The result is a growing gap between adoption and governance that companies should be mindful of as they evaluate both oversight and disclosure.

Internal Use: Practical Guardrails Over Restrictions

AI is increasingly being used internally by employees, officers and directors as part of day-to-day workflows. This creates a different — but equally important — set of considerations, including ensuring that confidential or sensitive information is not shared inappropriately, validating outputs before relying on them in decision-making, understanding that AI-generated content may become part of the company's record, and evaluating whether certain uses raise privilege or confidentiality concerns.

Rather than limiting use, many companies are finding it more effective to implement clear and practical guidelines that enable responsible adoption while managing risk.

Enforcement and Litigation: Established Standards, New Context

Regulators and plaintiffs are focusing more closely on AI-related disclosures, but the underlying legal theories remain familiar. Recent enforcement actions have addressed statements that overstate AI capabilities or readiness, omissions relating to reliance on third-party tools or known limitations, and inconsistencies between public messaging and internal reality.

The SEC's enforcement focus on AI washing began in March 2024 with **settled charges** against investment advisers Delphia (USA) Inc. and Global Predictions Inc. for false claims about their use of AI, resulting in penalties of $225,000 and $175,000, respectively. And in January 2025, the SEC **filed** charges against Presto Automation Inc., widely regarded as the first AI-washing case against a public company, for misleading statements about its AI-powered drive-through technology.

Enforcement has continued under the current administration, with the SEC's Cyber and Emerging Technologies Unit identifying AI washing as an immediate enforcement priority. In

April 2025, the SEC and the U.S. Department of Justice**filed parallel actions** against the founder of Nate Inc., a privately held startup, for raising over $40 million through false claims that his company's app used proprietary AI when transactions were actually processed manually.

These cases signal that enforcement will continue to target both outright misrepresentations and more nuanced overstatements about AI capabilities, and that enforcement risk extends to private companies as well as public issuers.

Beyond SEC enforcement, companies should also be aware of emerging private securities litigation risk. Shareholder plaintiffs are beginning to bring claims alleging AI-related misstatements, and the combination of regulatory scrutiny and class action exposure underscores the importance of ensuring AI disclosures are accurate and defensible.

For example, while the allegations in the Upstart class action remain unproven, the case illustrates how an AI-centered growth narrative can become the basis for securities fraud claims when the gap between what a company says about its AI and what that AI actually delivers becomes a material issue for investors.

The lesson is straightforward: If AI is central to how you present your business to the market, the accuracy and consistency of those representations carry real legal risk.

A Practical Path Forward

For public companies, the path forward does not require a complete overhaul. More often, it requires alignment.

A practical approach may include taking inventory of how AI is used across the business; comparing that usage to how AI is described in public communications; refining disclosures to better reflect actual practices and risks; ensuring consistency across SEC filings, earnings calls and investor materials; revisiting insurance coverage, including director and officer, technology errors and omissions, and cyberinsurance, and contractual allocation with AI vendors and channels; confirming that governance structures are keeping pace with adoption; and reviewing how peer companies describe their use of AI to benchmark against evolving disclosure practices.

The companies that navigate this landscape most effectively will be those that maintain a narrative that is clear, credible and sustainable over time. As recent SEC settlements and enforcement actions make clear, the cost of getting AI messaging wrong is no longer theoretical, and public companies would be well served to pressure test their AI disclosures, align internal practices with external messaging and ensure their oversight frameworks keep pace with the technology itself.

AGs Have 'Significant Concerns' With DOJ's Live Nation Deal

law360.com/articles/2502454

(July 17, 2026, 4:01 PM EDT)-- A bipartisan coalition of state attorneys general asked a New York federal judge Thursday for a peek into the negotiations behind the Justice Department's controversial midtrial settlement with Live Nation, voicing concerns the deal isn't in the public interest and saying they need details as they seek a breakup.

In a **letter motion**, 21 of the 34 enforcers who pressed on and won a sweeping antitrust victory, after the U.S. Department of Justice settled out, said it's not enough for them to continue only with their own case. They also want insight into the DOJ deal that allowed Live Nation to keep its Ticketmaster property, in exchange for mandates allowing concert venues to use alternative ticketing services, giving up control over 13 large amphitheaters, and removing restrictions on the use of competing concert promoters.

"The requesting states have significant concerns that the settlement is not in the public interest. Specifically, the proposed terms appear to be insufficient to meaningfully increase competition in the relevant markets and could also increase barriers to entry and reduce competition," the enforcers said.

Most of the coalition are Democrats, including the attorneys general of California, Colorado, Illinois, Maryland and New York. But it also includes the Republican attorneys general of South Carolina and West Virginia.

Along with 13 other state enforcers who did not participate in Thursday's filing, including the Republican attorneys general of Texas, Tennessee, Utah, Louisiana and Kansas, the coalition convinced a federal jury in April to hold Live Nation liable for **illegally monopolizing** ticketing services for large music venues. The jury also found that Live Nation anticompetitively ties artists' use of large amphitheaters to its concert promotion services.

Live Nation continues to seek **to upend that verdict**, even as it gears up to defend against a **remedies phase** where the state enforcers have made a Ticketmaster divestiture a central plank of their **proposed fixes**.

Complicating the mix is the settlement the DOJ struck with Live Nation a week into trial. The DOJ settlement, which included the **extraordinary involvement** of the White House Counsel's Office, allowed Live Nation to keep Ticketmaster, despite the online ticketing giant's central role in allegations that Live Nation coerced performers into using its promotion services exclusively.

The DOJ deal calls for Live Nation to offer a stand-alone version of its ticketing technology system that online ticketing rivals like SeatGeek and StubHub can use. The deal also requires Live Nation to divest exclusive long-term booking agreements for 13 amphitheaters and includes other restrictions on its contracting practices. The DOJ has previously argued that the deal does what earlier settlements could not, when the department first cleared the Ticketmaster purchase in 2010 and when it accused Live Nation in 2019 of violating the terms of that original agreement.

Live Nation set aside a $280 million settlement fund to address damages from the states when reaching the agreement. The proposed judgment filed earlier in June showed $18.6 million allocated among six states that have agreed to settle so far: Arkansas, Iowa, Mississippi, Nebraska, Oklahoma and South Dakota.

Critics have cast the **DOJ settlement** as **highly favorable** to Live Nation and perhaps even indicative of corrupt bargains by the Trump administration DOJ, which has come under **repeat fire** over the appearance of an extremely light-touch approach to corporate power.

Under the Tunney Act, courts are required to review deals like the Live Nation settlement for their implications for the public interest. That interest, the 21 enforcers said Thursday, "demands a thorough analysis of the terms of the settlement and their potential effects on relevant aspects of competition." They argued that they need "targeted discovery" to look into aspects of the deal "not fully explained" by the DOJ's filings to date, including the proposed final judgment, or PFJ.

While the enforcers said they will participate, alongside their peers, in the remedies phase, it's also important to participate in the Tunney Act proceedings to consider the efficacy of the settlement, "which may impact the remedies the requesting states ultimately seek."

The discovery the enforcers want includes details on the settlement's proposed open ticketing system; "support, modeling, or analysis of the settlement's efficacy in addressing the allegations in the amended complaint;" and how the 13 venues were selected and how they'll be barred from discriminatory booking practices.

"Some of the requesting states also have concerns about the process that produced the settlement. These concerns are driven in part by the lack of transparency about the settlement negotiations that took place prior to March 2, 2026. The states were not notified of the United States–Live Nation negotiations until January 29, 2026, a year after they began," they said, without identifying which states have those concerns.

The enforcers noted concerns about outside influence on the settlement and the fact that the DOJ's trial attorneys were themselves unaware of the deal terms until it was filed in court.

"To the extent other factors did influence the settlement, this, at a minimum, should impact the extent to which the United States is entitled to any deference as part of the court's public interest analysis," they said.

"The requesting states that harbor these concerns would also seek communications about the terms of any settlement between the United States, defendants, the individuals identified in defendants' [negotiations disclosure] and other individuals who may have communicated about a proposed settlement, as well as testimony from some of those individuals," they continued.

According to the filing, Live Nation opposes "discovery of any kind regarding the process that led to the settlement," while the DOJ "opposes any request to take discovery from the United States." But the state enforcers said that nothing in the Tunney Act supports such limitations.

Representatives for Live Nation, the states and the DOJ did not immediately respond to requests for comment.

The federal government is represented by Andrew L. Kline and David M. Teslicko of the U.S. Department of Justice's Antitrust Division.

The states and D.C. are represented by their respective attorneys general and Jeffrey L. Kessler, Eva Cole, Johanna Rae Hudgens, Jeanifer Parsigian and Joshua Hafenbrack of Winston Taylor.

Live Nation and Ticketmaster are represented by Alfred Pfeiffer, David Marriott, Tim O'Mara, Jennifer L. Giordano, Andrew Gass, Kelly Fayne, Lindsey S. Champlin and Robin L. Gushman of Latham & Watkins LLP and Lauren A. Moskowitz, Jesse M. Weiss and Nicole M. Peles of Cravath Swaine & Moore LLP.

The case is U.S. et al. v. Live Nation et al., case number 1:24-cv-03973, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Christine DeRosa, Matthew Perlman, Matthew Santoni and Pete Brush. Editing by Linda Voorhis.

2 Firms Look To Steer Nokia 401(k) Investment Class Claims

law360.com/articles/2502668

(July 17, 2026, 4:14 PM EDT)-- Two law firms have asked a New Jersey federal court to appoint them as interim co-lead counsel in a proposed federal benefits class action alleging telecom company Nokia mismanaged employees' 401(k) plans, pointing to their experience litigating similar actions and judicial efficiency to support their request.

Capozzi Adler PC and Muhic Law LLC said Thursday that both firms are highly experienced in litigation of ERISA breach of fiduciary duty **lawsuits** and are best suited to lead the now-consolidated suits brought by plaintiffs Paul Seibert and James Sims because they have been "vigorously pursuing the claims in this case for nearly five years."

"The requested leadership roles will promote the orderly progress of this litigation and ensure that all plaintiffs are able to prosecute this litigation in an efficient and coordinated fashion," the firms' brief said.

The firms argue they have shown a commitment to identifying and investigating the potential claims in the case, have extensive experience litigating similar cases, and will commit the resources necessary to represent the plaintiffs.

"Co-lead counsel's resources are doubly enhanced in light of the fact that they are working together in this case and have partnered on numerous analogous ERISA breach of fiduciary duty class actions," the brief said.

"Capozzi and Muhic's resources are not merely financial, but also include substantial expertise (including multiple trials of ERISA class actions) and workproduct, as discussed above, that has been developed in similar cases that will be an obvious benefit to the plaintiffs in this action," the brief added.

According to the brief, the court consolidated the actions in May. Seibert and six other workers filed their action in 2021, and Sims filed his case last July. Capozzi Adler and Muhic Law have represented Seibert, which contains broader claims and includes a proposed class period that begins years earlier.

The Seibert case alleges that Nokia of America Corp., its board of directors and its 401(k) committee in December 2021 mismanaged a retirement plan that had $8.5 billion and more than 29,200 participants at the end of 2020. The complaint also alleged that Nokia and the board failed to appropriately oversee the retirement plan committee, in violation of ERISA.

According to the workers, retirement plan participants were charged between $76 and $116 in fees between 2015 and 2020, while similarly sized plans charged their participants between $21 and $34.

Nokia lost its bid to dismiss the Seibert action in 2024, with U.S. District Judge Jamel K. Semper ruling the plan participants' amended complaint added sufficient comparisons to bolster claims that the company should've replaced pricey investment funds. Nokia argued that the workers compared only the fees paid rather than the services provided under each plan and that the fee calculations they arrived at were based on false information.

If appointed interim co-lead counsel, Capozzi Adler and Muhic said they would file a consolidated complaint.

Counsel for the Seibert plaintiffs declined to comment Friday. Counsel for Sims and Nokia did not immediately respond to requests for comment Friday.

The Seibert plaintiffs are represented by Mark K. Gyandoh, James A. Maro, Giulia T. Conboy and James A. Wells of Capozzi Adler PC and Peter A. Muhic of Muhic Law LLC.

Sims is represented by Benjamin J. Widlanski, Tal J. Lifshitz, Katherine A. Mitchell and Clayton J. Schmitt of Kozyak Tropin & Throckmorton LLP and David R. Buchanan and Shauna Itri of Seeger Weiss LLP.

Nokia of America Corp. is represented by Richard J. Cino, Carla D. Macaluso and Sojung Jeong of Jackson Lewis PC.

The case is Seibert et al. v. Nokia of America Corp. et al., case number 2:21-cv-20478, in the U.S. District Court for the District of New Jersey.