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Biogen, Investors Reach Settlement Outline Over Alzheimer's Drug

Aug. 7, 2026, 9:28 AM PDT

Biogen Inc. has roughed out a settlement agreement with investors in a proposed class action alleging the company misrepresented clinical trial data for its Alzheimer's drug Aduhelm, according to a federal court filing.

The parties' notice Thursday to Judge Indira Talwani of the US District Court for the District of Massachusetts doesn't include the contemplated settlement amount. The parties anticipate filing a preliminary approval request — which typically announces the terms — within 60 days, according to the notice.

The investors alleged Biogen withheld data finding that patients who were treated with a higher dose of Aduhelm, once seen as a potential blockbuster, actually had worse outcomes than patients with a lower dose

The US Court of Appeals for the First Circuit revived the case in 2023, and Talwani rejected Biogen's request for judgment in its favor in 2025

Talwani held a hearing June 30 on the plaintiffs' pending request to represent a class, but the settlement-in-principle notice now asks that the case be put on pause

The Rosen Law Firm PA represents the proposed class. Paul, Weiss, Rifkind, Wharton & Garrison LLP and Latham & Watkins LLP represent Biogen.

The case is Shash v. Biogen Inc. , D. Mass., No. 1:21-cv-10479, notice 8/6/26 .

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San Diego man sues Amazon after recalled tabletop fire pit explodes

courthousenews.com/san-diego-man-sues-amazon-after-recalled-tabletop-fire-pit-explodes

SAN DIEGO (CN) — A San Diego man is suing Amazon over product liability and negligence after a tabletop alcohol fire pit he purchased from the retail giant exploded on him.

Anthony Trevino, 35, says that the device, a Colsen brand tabletop fire pit, exploded while he was refilling the device, causing third-degree burns across his face, ears, neck, torso, arms, hands and fingers in less than one second, he says.

“I never imagined a product sold to me as ‘safe and easy’ would do this to me in my own home,” Anthony Trevino, a former Navy rescue swimmer, said in a release. “My whole life, my job was to pull people out of danger. I can’t undo what happened to me, but I can hold Amazon accountable to ensure they stop selling products that are so dangerous they can alter the course of someone’s life.”

The devices are small, portable fire pits that can use isopropyl alcohol to provide decorative flames or ambience. However, the U.S. Consumer Product Safety Commission ordered a recall of nearly 90,000 Colsen alcohol-burning fire pits over safety concerns in October 2024.

“Amazon is responsible for putting this extremely dangerous product into the hands of an unsuspecting consumer. And Amazon knew or should have known about those dangers well before Anthony Trevino ever bought the fire pit,” attorneys for Trevino told Courthouse News.

Australia and Canada both cracked down on these types of alcohol burners for their risk to health and safety in 2017 and 2019, respectively. Specifically, Canada required stricter standards around the sale of pourable alcohol-based fuels and fire pits that did not have “flame-jetting” safeguards.

Alcohol flames can burn invisibly, giving the impression that the fire needs more fuel. Flame-jetting occurs when more fuel is added and the flame travels up the stream of liquid and ignites the container it’s being poured from, which is what Trevino says happened to him.

To reduce the risk of flame-jetting, the containers need a flame arrester, or screen, at the container opening. However, none of the containers sold or recommended by the defendants included flame arresters, Trevino claims in the lawsuit filed Wednesday.

The products were recommended to him through his Amazon.com algorithm, Trevino says. The tabletop alcohol fire pits were advertised as smokeless and odorless decor that were easy to use and could be set up indoors or outdoors.

Trevino said that he originally bought the fire pit and two 64-ounce bottles of fuel in 2021. After the product was recalled in 2024, Amazon sent an email that the product may not meet safety standards.

Trevino says he did not see the email.

“How many spam emails do we all get every day? Including plenty from Amazon,” attorneys for Trevino said. “If Amazon sent Anthony an email about the Colsen fire pit, he never saw it. And clearly, what happened to Anthony proves that Amazon didn’t do enough to warn him about the hidden danger of this fire pit. Anthony’s life has been changed forever. Through this lawsuit, we hope to change how retailers like Amazon operate things for the sake of public safety.”

Trevino was enjoying the fire pit on his apartment balcony in September 2025 when he went to refuel the product. Not only did the product explode, causing catastrophic injuries, it also melted one of the lights and the turf grass on his balcony.

“Plaintiff’s life has been forever altered,” Trevino says in the suit. “He will have to endure a lifetime of scarring, disfigurement, and pain, all because of the dangerous defects in the Colsen fire pits and defendants’ actions in manufacturing, distributing, marketing, and selling those products.”

Trevino claims that Amazon knew that these products were unsafe and continued to sell them anyway. The lawsuit, filed in San Diego Superior Court, also names Colsen and Gusar, the companies behind the fire pits, as defendants in the lawsuit.

But Amazon said in an email Colsen recalled the products in October 2024. The e-commerce giant said it notified customers, pulled the products from its platform and they’re no longer available for purchase.

Trevino’s claims include negligent product liability, design defects, failure to warn and breach of implied warranty.

California Brief

DSW Fails to Maintain Lawsuit Over Sony's Infringement Threats

Aug. 6, 2026, 10:05 AM PDT

DSW Shoe Warehouse Inc. lost its bid for a court ruling that it didn't infringe Sony Music Entertainment's copyright interests when the retailer used its songs in social media ads without authorization.

Although DSW filed its complaint before Sony made good on its threats to sue for infringement, the "first-to-file" rule — which provides that the earlier suit should proceed when there are two actions involving nearly identical parties and issues — doesn't apply here, the US District Court for the Southern District of Ohio held Wednesday.,

Courts will dismiss first-filed declaratory judgment actions as improperly anticipatory "where the parties and issues are the same" and "it appears that the first filed suit was brought in anticipation of forthcoming suit by the substantive plaintiff," Judge Michael H. Watson wrote.

The order gives way to Sony's later-filed infringement suit in the US District Court for the Central District of California against DSW, Topo Athletic LLC, and parent company Designer Brands Inc.

But it leaves unanswered the key question in a host of pending music copyright suits—whether a retailer needs a separate license to use works from Instagram and TikTok's already-licensed music libraries that are generally free for other users to tap.

Sony's case followed one from Warner Music Group against the brands, also alleging they posted social media ads with its songs without explicit permission. Major record labels have filed similar cases against other retailers, including Pacsun, Crumbl Cookie, and Chili's.

The California federal judge last year said Sony failed to establish jurisdiction over Topo and Designer Brands, although she allowed the record label to conduct jurisdictional discovery and file an amended complaint.

Dismissing DSW's lawsuit, Watson noted that there's a pending motion to transfer Sony's California case to Ohio.

“If the Central District of California decides that transfer is warranted, the Court will welcome the return of this litigation between Plaintiffs and the SME Defendants,” he wrote.

Barnes and Thornburg LLP and Hahn Loeser & Parks LLP represent DSW. Shapiro Arato Bach LLP and Organ Law LLP represent Sony Music Entertainment.

The case is Designer Brands Inc. v. Sony Music Entm’t , S.D. Ohio, No. 2:25-cv-00765, 8/5/26 .

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California Brief

KPMG Stuck With SVB Investors' Fraud Claim in Bank Failure Suit

Aug. 6, 2026, 1:07 PM PDT

KPMG LLP must defend against Silicon Valley Bank investors' allegations that the major accounting firm issued misleadingly clean audits when the regional bank was on the brink of collapse.

The investors adequately alleged an inference of intent or recklessness for their securities fraud claim, Judge Noël Wise said Wednesday, allowing them to proceed with an amended complaint and rejecting KPMG's motion to dismiss it. The Big Four accounting firm allegedly disregarded evidence of SVB's internal deficiencies — for example, that the bank was without a chief risk officer for eight months and that regulators had raised significant concerns with the bank's strategy — before issuing clean reports, the US District Court for the Northern District of California judge said.

Wise last year denied KPMG's motion to dismiss a separate claim for allegedly false statements in audit opinions, including that SVB's financial reports complied with accounting standards.

Investors then sought to add a securities fraud allegation against KPMG for its 2021 and 2022 audit reports, which Wise allowed Wednesday.

KPMG ignored red flags in its own workpapers, internal communications, and regulatory findings, the investors said after gathering documents through discovery. KPMG instead took SVB management's words at face value without a meaningful analysis of whether the bank could maintain its portfolio of "held-to-maturity" securities even when those bonds last value amid rising interest rates, they said.

"In particular, the GAAP violation at issue here — the classification of nearly 80% of the Bank's investment portfolio as HTM, representing over 40% of total assets — supports a strong inference of scienter," Wise said, referring to the level of conscious misbehavior needed for a defendant to be subject to a securities fraud claim.

And KPMG allegedly had incentives to avoid dissatisfying SVB at the time: When KPMG was working on the fiscal 2022 audit, the bank said it was seeking competitive bids for audit work, bolstering the investors' scienter allegation, Wise said.

“KPMG stands by our audits, which were conducted in accordance with all professional standards. We deny plaintiffs’ allegations, including those sounding in fraud, and look forward to defending these meritless claims in court,” a KPMG US spokesperson said in an emailed statement.

Banking Crisis

The SVB investors accused the auditor of shoddy vetting before SVB faltered in 2023 during a regional banking crisis. The investors in this proposed class action are also suing underwriters and former SVB executives and directors, marking one of many lawsuits filed over SVB’s fallout.

Senate Democrats in a report last year said KPMG dismissed warning signs and issued clean audits for SVB and two other regional lenders — Signature Bank and First Republic Bank — before they collapsed in 2023.

“On behalf of Lead Plaintiffs, we are very pleased with this terrific result in such an important case concerning of one of the largest bank failures in US history,” Bernstein Litowitz Berger & Grossmann LLP, co-lead counsel for the investors, said in an emailed statement.

The investors are also represented by Kessler Topaz Meltzer & Check LLP. King & Spalding LLP represents KPMG.

The case is In re SVB Fin. Grp. Sec. Litig. , N.D. Cal., No. 5:23-cv-01097, 8/5/26 .

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California Brief

Meta Must Pay $567 Million to New Mexico for Youth Harm Fund (1)

Aug. 6, 2026, 5:24 PM PDT; Updated: Aug. 6, 2026, 6:23 PM PDT

Meta Platforms Inc. was ordered Thursday to pay $567 million to the state of New Mexico and implement changes to protect minor users after a state court judge sided with the state's attorney general in a landmark trial.

Judge Bryan Biedscheid's ruling, which likened Meta to a polluting factory, requires the corporate parent of Facebook and Instagram to fund programs addressing youth social media harms in New Mexico over a five year period.

The ruling caps the final phase of a trial that already saw a $375 million civil jury verdict against Meta in March for consumer protection violations, raising the company's total exposure in the case to over $900 million.

The social media giant is battling social media harm cases across the country from other state attorneys general and school districts, and it faces thousands of personal injury cases from teen users in state and federal courts.

The Thursday order also requires Meta to implement a number of platform changes, including time limits for underage users, halting push notifications at night for underage users, and requiring Meta to build banner screens that educate users about teen safety and security.

Biedscheid's ruling appears to be the first time a court has found that a social media company is a "public nuisance" that has a broad negative effect on the general public. It greenlights a novel theory brought by other state attorneys general and school districts arguing that social media addiction spills over into the real world through a broader mental health crisis.

Meta spokesperson Andy Stone said in a social media post that Meta disagrees with the ruling and plans to appeal. "We remain confident in our record of protecting teens online and will continue to defend ourselves against claims that misrepresent the facts," the post said.

The lawsuit by New Mexico Attorney General Raúl Torrez (D) argued that Meta deceived teenage users and parents about mental health harms as well as sexual exploitation risks on its platforms for years while prioritizing growth and engagement.

Torrez applauded the ruling in a statement, saying the judgment “is a blueprint” for other states to follow.

“For the first time, a court has ruled that a social media giant can be held liable for building products that endanger children and has ordered the structural changes needed to fix it,” he said.

In his ruling, Biedscheid analogized Meta to a factory where the psychological harm and exploitation of children is the “pollution that must be abated.”

“Just as noxious pollution produced by the factory can harm the common public right to reasonably clean air, the harmful effects of Meta’s platforms on children do not stay contained by its platforms,” the judge wrote.

The company’s legal woes will continue.

Meta is preparing to defend against a similar case from a coalition of dozens of state AGs, led by California, at a trial in federal court in Oakland that’s slated to begin later this month. It’s currently midway through a trial in Tennessee state court in a similar addiction case brought by the state’s attorney general.

The case is State of New Mexico v. Meta Platforms Inc. , N.M. Dist. Ct., No. D-101-CV-2023-02838, 8/6/26 .

(Adds Meta statement and additional details from the ruling beginning in the seventh paragraph.)

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[No Arbitration In Yacht Broker Fee Case, 11th Circ. Affirms, 2026 Law360 161-294]

LAW360

Author: Matthew Perlman

Summary

An Eleventh Circuit panel affirmed a lower court ruling Wednesday, refusing a yacht listing service's bid to force arbitration in a case over an alleged conspiracy to inflate the fees brokers collect for the sale of preowned yachts.

Body

An Eleventh Circuit panel affirmed a lower court ruling Wednesday, refusing a yacht listing service's bid to force arbitration in a case over an alleged conspiracy to inflate the fees brokers collect for the sale of preowned yachts.

The three-judge appeals panel issued an unpublished, per curiam opinion affirming a Florida federal court's decision denying a motion to ***compel arbitration*** from Yatco LLC. The proposed class action alleges brokers, trade groups and listing services ***conspired to inflate*** the fees brokers collect for the sale of preowned yachts, including through trade association rules.

Yatco, one of the yacht listing services allegedly involved, argued the sellers bringing the antitrust claims were bound by an arbitration agreement signed by brokers that listed the yachts. But the appeals panel said Yatco never showed the yachts were actually listed on its platform.

"The contention that the plaintiffs' brokers actually listed the plaintiffs' yachts for sale on YATCO's MLS website is a necessary predicate of YATCO's arbitration argument," the opinion said. "Because YATCO failed to provide any evidence indicating that this contention is true and relied solely on speculation and assumption, YATCO failed to satisfy its burden of proving the existence of a valid arbitration agreement."

Even assuming, like the district court did, that brokers listed the yachts on Yatco's multiple listing service and accepted the arbitration agreement, the panel said it would still not compel arbitration for the sellers' claims.

That's because the sellers were not aware of the brokers' actions before they signed the arbitration agreement and were not aware of the terms for using the listing service. The panel also said the service agreement for the listing service has nothing to do with the antitrust allegations.

In addition to Yatco, the suit also names several brokerages, trade associations including the Yacht Brokers Association of America Inc., and Boats Group LLC, which owns a number of multiple listing services.

U.S. District Judge K. Michael Moore denied Yatco's bid in January 2025 to force the claims against it into arbitration.

The judge then issued an order ***dismissing the case*** against all the defendants with leave to amend, finding a lack of evidence showing there was an agreement or conspiracy. The court later vacated the dismissal order at the direction of the Eleventh Circuit and put the case on hold pending the outcome of Yatco's appeal.

U.S. Circuit Judges Adalberto Jordan, Embry J. Kidd and Susan H. Black sat on the panel for the Eleventh Circuit.

The sellers are represented by Paul J. Geller, Mark J. Dearman and Stuart A. Davidson of Robbins Geller Rudman & Dowd LLP and Stephen F. Rosenthal, Lea P. Bucciero and Christina H. Martinez of Podhurst Orseck PA.

Yatco is represented by Alan B. Rose, Gregory S. Weiss and Tracy Segal Foust of Taft Stettinius & Hollister LLP.

The appeal is Ya Mon Expeditions LLC et al. v. Yatco LLC, case number 25-10140, in the U.S. Court of Appeals for the Eleventh Circuit.

--Additional reporting by David Minsky. Editing by Janice Carter Brown.

BDO must face investor class over AmTrust audit fraud claims | Secondary Sources | National

(August 07, 2026) - A federal judge has certified a class of investors suing accounting firm BDO USA PC over its allegedly fraudulent audits of AmTrust Financial Services Inc.

U.S. District Judge Lewis A. Kaplan of the Southern District of New York on Aug. 4 granted the investors' motion to certify, allowing a subclass of AmTrust shareholders to proceed with claims that BDO fraudulently certified AmTrust's 2013 financial statements.

Two other proposed subclasses of investors reached a partial settlement with AmTrust in June, leaving BDO as the primary remaining defendant in the long-running litigation.

Suit: Accounting fraud

The lawsuit stems from an alleged multi-year accounting fraud at AmTrust that culminated in the company restating financial results for 2012 through 2016.

According to the complaint, the Wall Street Journal reported in April 2017 that a BDO whistleblower was aiding a Securities and Exchange Commission investigation into AmTrust's accounting practices.

The WSJ article said BDO had "signed off on its AmTrust audit before completing some important checks." AmTrust's share price fell 18.9% after the reporting, the suit says.

The SEC later sanctioned three former BDO senior accountants in 2018 for their work on AmTrust's 2013 audit, saying they engaged in "improper professional conduct."

The agency's order said the auditors predated work papers and signed off on the audit before completing necessary procedures.

A group of investors, led by North Atlantic States Carpenters Guaranteed Annuity and Pension Funds, alleged that BDO violated the anti-fraud provision in Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C.A. § 78j(b), and SEC Rule 10b-5, 17 C.F.R. § 240.10b-5. The case's procedural history included a dismissal order in 2020 that the 2nd U.S. Circuit Court of Appeals partially vacated in 2024.

'Clean match' for reliance

The investors moved for class certification in September 2025, proposing three subclasses: one for purchasers of AmTrust common and preferred shares between March 3, 2014, and April 10, 2017, who allege claims against BDO, and two others for investors who purchased shares in AmTrust's public offerings in 2015 and 2016.

After the public offering investors settled with AmTrust, only the BDO subclass remained.

Judge Kaplan approved their motion, concluding that common questions of law and fact — namely whether BDO's 2013 audit opinion was materially false and misleading — predominated over individual ones.

He said the investors plausibly alleged that the misstatements were material, rejecting BDO's argument that the investors could not prove the audit opinion impacted AmTrust's stock price.

Judge Kaplan also determined that the 2017 WSJ article was a corrective disclosure that prompted a statistically significant drop in AmTrust's stock price.

"All signs point towards a finding of price impact," the judge wrote, noting that there was a "clean match" between the alleged misstatements about the integrity of the audit and the corrective disclosure.

Judge Kaplan also certified the North Atlantic pension funds and the Irving Lichtman Revocable Living Trust as class representatives, and appointed Robbins Geller Rudman & Dowd LLP as lead counsel for the BDO subclass.

Ibotta defeats investor suit over IPO statements, for now | Secondary Sources | National

(August 06, 2026) - A Colorado federal judge has dismissed a proposed securities class action that alleged digital promotions company Ibotta Inc. misled investors in its April 2024 initial public offering about its technology and shifting business model.

U.S. District Judge Nina Y. Wang dismissed the suit Aug. 3, ruling that lead plaintiff Mark Tcherkezian failed to plausibly allege his shares were traceable to Ibotta's IPO in April 2024.

The judge also tossed securities fraud claims, saying the suit failed to raise a strong inference that Ibotta, founder and CEO Bryan Leach or former Chief Financial Officer Sunit Patel acted with scienter, or deceptive intent.

Judge Wang gave Tcherkezian until Aug. 31 to amend the complaint.

The suit also named as defendants six other Ibotta officers and directors and nine IPO underwriters, including Goldman Sachs & Co. LLC and Citigroup Global Markets Inc.

Suit: Deficient offering documents

Ibotta operates a digital platform that allows users to earn cash back on purchases by submitting receipts and linking store loyalty accounts, according to its website.

Tcherkezian alleged in an amended complaint that Ibotta's offering documents falsely claimed its data measurement technology could track consumer behavior in "real time."

But according to former employees and clients cited in the suit, the platform suffered from weekslong delays.

The offering documents also touted Ibotta's "sophisticated anti-fraud systems," despite "rampant" user fraud that cost the company millions, the amended complaint said.

Ibotta also concealed that its shift from a direct-to-consumer model to a third-party publishing model, in which it ran promotions simultaneously across multiple platforms, was "cannibalizing" revenue, Tcherkezian alleged.

Ibotta's IPO registration statement and prospectus included material misstatements and omissions in violation of Sections 11 and 12(a)(2) of the Securities Act of 1933, 15 U.S.C.A.

§§ 77k and 77l(a)(2), the complaint said.
The suit also included claims under the anti-fraud provision in Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C.A. § 78j(b), and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. § 240.10b-5.
To support the Section 10(b) claim, which requires a "strong inference" of scienter, Tcherkezian alleged that Leach and two other Ibotta insiders reaped more than $74 million combined from insider selling in the IPO.

The complaint also noted the "suspicious" departure of Ibotta's chief revenue officer three months after the April 2024 IPO and Patel's "sudden" resignation in March 2025.

Claims lack traceability, scienter

The defendants moved to dismiss the case in December 2025, arguing that Tcherkezian failed to plausibly allege his shares were traceable to the IPO. They also asserted that the allegations supporting the Exchange Act claims did not raise the requisite strong inference of scienter.

Judge Wang said that Tcherkezian's "formulaic recitation" of traceability was insufficient, but she dismissed the Securities Act claims without prejudice.

On the Exchange Act claims, Judge Wang concluded that the amended complaint, viewed holistically, failed to plead a strong inference of scienter.

The judge rejected the plaintiff's reliance on the "core operations" doctrine, which permits an inference that facts critical to a company's core operations are known to key officers.

The court cannot infer scienter based on the executives' positions alone, the judge said, adding that the suit lacked particularized allegations about the individual defendants' knowledge of problems at Ibotta.

Judge Wang said the insider selling allegations were also unavailing because the amended complaint lacked a "meaningful trading history" to compare stock sales during and outside of the class period. Without more context, the suit failed to show that the defendants' sales were unusual or suspicious, she wrote.

The complaint also failed to sufficiently explain why the departures of two Ibotta executives were suspicious, Judge Wang said.

Judge trims investor suit accusing supply company of hiding service woes | Secondary Sources | National

(August 06, 2026) - A New York federal judge has largely dismissed a shareholder class action alleging that a uniform and workplace supply company misled investors about progress fixing customer service problems, but preserved three statements by the company's former CEO for further litigation.

U.S. District Judge Gregory H. Woods of the Southern District of New York granted in part and denied in part a motion to dismiss brought by Vestis Corp. and former top executives Kimberly T. Scott and Ricky T. Dillon.

The lead plaintiff, a Florida police pension fund, alleges that Vestis executives assured investors during the May 2, 2024, to May 6, 2025, class period that the company was improving operations and customer service after its 2023 spinoff from Aramark Corp. However, Vestis stock plunged nearly 38% on a day in May 2025 after the company withdrew its full-year fiscal guidance and revealed continued customer losses, the suit says.

The July 31 opinion knocked out most of the 43 challenged statements as puffery, nonactionable or forward-looking projections shielded by cautionary language and dismissed all claims against former Chief Financial Officer Dillon.

Three statements survive

Judge Woods concluded that only three of Scott's statements were actionable. On May 2, 2024, the former CEO told investors that "operating trends are improving across our business."

Scott allegedly made two more misleading statements on Nov. 21, 2024, stating that Vestis was "seeing the level of performance rise across the system with particular focus on those locations that are underperforming versus the norm" and that the company was "seeing that happen [with] on-time delivery already," the opinion said.

A reasonable investor could read those statements as representing that Vestis had achieved companywide improvements in operations and customer service, the judge said. Six confidential witnesses contradicted that representation, describing persistent product shortages, chronically late deliveries, dirty uniforms and rampant customer complaints throughout the class period, according to the opinion.

But Judge Woods dismissed statements that Vestis was "laser-focused" on service, had "made great progress" and was building a "customer-first culture" as nonactionable puffery. Others, including Scott's expressions of confidence in strategic initiatives and the company's ability to hit its 2025 guidance, were nonactionable opinions unaccompanied by embedded false facts.

The judge also rejected challenges to Vestis' risk disclosures and forward-looking guidance, concluding that they were accompanied by meaningful cautionary language identifying the risk of customer attrition that ultimately materialized.

Scienter

Judge Woods held that the plaintiff adequately pleaded a strong inference of recklessness against Scott, citing her admitted daily monitoring of service metrics, her access to internal dashboards tracking customer retention and plant productivity, and her presentations at monthly town halls where she reportedly told employees Vestis was missing sales and retention targets by "significant percentages."

The judge dismissed all claims against Dillon, finding that the plaintiff had failed to allege particularized facts showing the former CFO had intent as to any surviving statement. Scott's use of "we" in earnings calls did not, without more, impute her knowledge to Dillon, the opinion said.

Adam M. Apton of Levi & Kosinski LLP represents the plaintiff. Attorneys from Mayer Brown LLP represent Vestis. Attorneys from Winston Taylor LLP represent Scott.

Securities law developments for the week ending Aug. 7, 2026 | Secondary Sources | National

(August 07, 2026) - Westlaw Today recaps the past week's securities law developments, from a record anti-money laundering fine against UBS to the Securities and Exchange Commission's new accounting enforcement unit.

UBS fined $125 million by U.S. regulators for money laundering violations

UBS was fined $125 million by U.S. regulators on Aug. 3 for violating the Bank Secrecy Act, the largest civil fine ever against a broker-dealer for violating the main U.S. anti-money laundering law.

Read more: https://bit.ly/4q3y66P

U.S. securities regulator launches new accounting enforcement team

The SEC said on Aug. 5 it is establishing a specialized enforcement unit focused on accounting and financial reporting cases.

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

U.S. Justice Department raises antitrust concerns over proxy advisers

The U.S. Department of Justice on Aug. 5 rescinded decades-old guidance to a shareholder proxy advisory business, citing significant antitrust concerns over consolidation in the industry.

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

Delaware PBC director safe harbor sinks fintech investor suit over dilutive deal

The Delaware Chancery Court has dismissed shareholder claims against MPower Financing PBC's special committee, ruling that a statutory safe harbor shields its approval of a dilutive debt-to-equity financing transaction that gave two hedge funds an 85% stake in the company.

SEC beats broker's appeal in APA challenge to enforcement action

A federal appeals court has upheld the dismissal of a Utah broker's lawsuit challenging the SEC's authority to enforce suspicious activity reporting regulations.

Wise Group hit with investor suit over failed bank charter bid

Financial technology company Wise Group PLC is facing a proposed class action alleging it misled investors about its anti-money laundering compliance before a U.S. regulator denied its application for a national bank charter.

Judge trims investor suit accusing supply company of hiding service woes

A New York federal judge has largely dismissed a shareholder class action alleging that a uniform and workplace supply company misled investors about progress fixing customer service problems, but preserved three statements by the company's former CEO for further litigation.

Ibotta defeats investor suit over IPO statements, for now

A Colorado federal judge has dismissed a proposed securities class action that alleged digital promotions company Ibotta Inc. misled investors in its April 2024 initial public offering about its technology and shifting business model.

NFT startup founder indicted in $10 million fraud scheme

The founder of a nonfungible token startup has been charged in New York federal district court with securities and wire fraud for allegedly bilking investors out of more than $10 million by selling nonexistent cryptocurrency.

Utah can regulate Kalshi sports contracts, judge says

A federal judge has ruled for Utah officials in a lawsuit brought by KalshiEx LLC to block enforcement of the state's anti-gambling laws against sports event contracts on its predictions market platform.

Law firm Simpson Thacher wins malpractice trial over stock sale

A Broward County, Florida jury on Aug. 6 found prominent New York-based law firm Simpson Thacher & Bartlett not liable for an insurance administrator's 2018 collapse.

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

Sweden's AP7 pension fund opposes U.S. proposal to scrap Biden-era climate rule

Sweden's AP7 government pension fund said on Aug. 4 it opposes a proposal by the SEC from late May to scrap regulations that require companies to disclose their climate-related risks and spending.

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

Heavy interest in U.S. swap futures signals worry about higher rates for longer

Investors piled into U.S. swap futures early this week after a sharp back-up in Treasury yields, as investors scrambled to hedge against further increases in borrowing costs — a sign of concern that rates could stay elevated for longer.

Read more: https://bit.ly/4bvuW60

UK tribunal upholds regulator's ban on two pension advisers

Britain's Financial Conduct Authority said on Aug. 4 a tribunal upheld its decision to ban two financial advisers from the industry, after finding that they acted dishonestly and provided unsuitable pension transfer advice to some clients.

Read more: https://bit.ly/4bwPhI3

BDO must face investor class over AmTrust audit fraud claims

A federal judge has certified a class of investors suing accounting firm BDO USA PC over its allegedly fraudulent audits of AmTrust Financial Services Inc.

Washington allows some law grads to skip bar exam after botched test | Business Information & News | FE

Aug 6 (Reuters) - Law graduates who were unable to take Washington state's July bar exam due to technological problems will have the option to be licensed to practice without ever taking the test, the Supreme Court of Washington said Thursday.

First-time bar takers who were scheduled to sit for last week's canceled exam in Yakima may accept a waiver to practice in Washington, the court said, or they can opt to take a rescheduled bar exam in September or the regularly scheduled February 2027 bar exam.

Those who accept the bar exam waiver will largely be limited to practicing within Washington — at least initially — as most other states require lawyers to have passed a bar exam. The waiver option is not available to examinees who had previously taken but failed the bar exam or to those who were able to complete last week's exam with disruptions.

The court said in a statement that its decision "strives to balance the needs of the public, the profession and applicants who were unable to take the test through no fault of their own."

The decision came amid mounting pressure for the court and the Washington State Bar Association to address the failure of the exam, which was to be the debut of the overhauled national bar exam called the NextGen UBE. Last week's two-day exam was derailed by technical issues at the Yakima Convention & Event Center and test takers were unable to begin, prompting officials to cancel it altogether.

Deans of Washington's law schools last week urged the state supreme court to allow the impacted test takers to bypass the bar exam, citing delays to graduates' careers if they are forced to wait for a later exam.

"I am glad that these new attorneys will not need to deal with a further delay of the start of their careers, disruptions to their family, work, and personal lives, and additional unfair expenditures of financial and other resources," said Seattle University law dean Anthony Varona on Thursday.

Varona added that the state supreme court had to address "many complicated issues of fairness" and that law deans and others will need to address further issues related to the exam's cancellation. The court's decision to allow law graduates to bypass the bar was not unanimous — four of the nine justices dissented from that provision of the order.
Law graduates who take the bar exam waiver will become eligible for admission in Washington after October 9, which is the date the July exam results were slated to be released.

Anthem Blanchard; Anthem Holdings Company

SEC Settles Litigation with Oklahoma Resident and Company Charged in Alleged $5 Million Securities Fraud

On July 31, 2026, the Securities and Exchange Commission filed consents and proposed final judgments as to defendants Anthem Blanchard and Anthem Holdings Company, whom the SEC previously charged with orchestrating an alleged $5 million securities fraud.

The SEC’s complaint, filed on September 23, 2024, in the U.S. District Court for the District of Kansas, alleged that between September 2020 and July 2022, Blanchard and Anthem Holdings made false and misleading statements to prospective investors about Anthem Holdings' financial projections, business development pipeline, and investment commitments. The complaint alleged that, based on the fraudulent misstatements, Anthem Holdings raised $5 million from approximately 200 investors in a "Series A" equity offering and over $200,000 from two investors in a "Pre-Series B" convertible note offering.

Without admitting the allegations in the SEC’s complaint, Blanchard and Anthem Holdings consented to the entry of final judgments, subject to court approval, in which they agreed to be permanently enjoined from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; to be enjoined from participating in the issuance, purchase, offer, or sale of any security for a period of ten years; and to pay a civil penalty in the amount of $236,451 for Blanchard and $1,000,000 for Anthem Holdings.

The SEC’s litigation was conducted by Sharan Lieberman and Rachel Yeates, under the supervision of Gregory A. Kasper, all of the SEC’s Denver Regional Office.

Meta Nears Ax Of Suits Over Pump-And-Dump Facebook Ads

law360.com/articles/2510735/meta-nears-ax-of-suits-over-pump-and-dump-facebook-ads

Bonnie Eslinger

(August 6, 2026, 10:39 PM EDT) -- A California federal judge signaled Thursday that two financial professionals are fighting an uphill battle to pursue their proposed class action alleging Meta illegally allowed scammers to impersonate them in ads to run so-called pump-and-dump investment schemes, calling Meta's arguments for tossing the suit "very compelling."

U.S. District Judge Richard Seeborg made the comment during a hearing Thursday in San Francisco over the motion to dismiss filed by Meta Platforms Inc. and the social media giant's subsidiaries.

The lawyer for the Meta defendants, Sonal Mehta of WilmerHale, argued the alleged impersonation was done by third-party scammers in WhatsApp chats and that the plaintiffs didn't allege Meta contributed to that "core illegality" related to the challenged content. As a result, Section 230 of the Communications Decency Act bars the claims, she said, because they seek to hold Meta liable for publishing third-party content.

"What they are alleging is that the likenesses and the impersonation, that core illegality, happened in the WhatsApp chats," Mehta told the judge. "Meta did not create that content."

Meta's lawyer said the court could expect to hear from plaintiffs' counsel that it was the ads that led people into the WhatsApp chat rooms with the scammer, and that Meta contributed to those ads.

"That is not what the complaint says," Mehta said, later adding, "There's no actual factual allegation that the impersonation was in the ads that they claim that Meta contributed to."

Mehta encouraged the judge to compare the original complaint to the amended suit, saying it would show that the plaintiffs "very, very carefully excised any allegation that there is any impersonation in those ads."

The lawyer said that while other suits over pump-and-dump scams advertised on Meta's social media platforms were about a scheme to defraud investors, the instant suit is focused on the alleged impersonation of the financial advisers.

Meta did not create the ads; the most it is alleged to have done is used its tools to reformat or resize images and help decide which of two different competing ads created by the scammers might perform better, Mehta said.

"What they have not alleged is any contribution by Meta to the alleged illegality, which in this case is only the impersonation," she said.

At one point during Mehta's argument, Judge Seeborg asked her what would happen if the plaintiffs could show that Meta is "fully aware" of where the ads lead — to investment conversations in WhatsApp with scammers.

"Could they then argue that Meta is involved in the act of the impersonation activities?" Judge Seeborg asked.

Mehta said there was no such allegation in the amended complaint.

A lawyer for the plaintiffs, Sean Masson of Scott + Scott Attorneys At Law LLP, began his argument by telling Judge Seeborg that the court "understood the claims that plaintiffs are making here."

Judge Seeborg shot back that it might not be enough.

"I actually find Ms. Mehta's arguments very compelling here," the judge said. "So you shouldn't assume that means I think you're right."

Masson said he wasn't making that assumption, but said Meta has skewed the central claim of the plaintiffs' complaint — that Meta's artificial intelligence ad tools built the ads.

"The core illegality has been sufficiently alleged," Masson said. "It is the identity misappropriation in AI-generated ads."

Judge Seeborg said that doesn't address the nature of the plaintiffs' impersonation claims.

"All you're telling me is that Meta's activities are directing people to the place where the impersonation is going on," the judge said. "That's not enough."

Masson pointed to the Ninth Circuit's 2008 decision in [Fair Housing Council of San Fernando Valley v. Roommates.com], saying that relates to when a platform contributes materially to the alleged illegality of the conduct.

"The harm happens at the publication of the ads," Masson said. "Whatever goes downstream in the WhatsApp chats, it's just the monetization of the scheme."

Judge Seeborg said that would work if the claim's core was the overall fraud, but the plaintiffs chose to center their suit on the impersonation.

"This is not a fraud scheme. This is a stealing my likeness claim," the judge said. "I don't think you can [now] expand it into this sort of overarching scheme to defraud."

Masson said that's not what the plaintiffs are trying to do.

Meta, he said, "actively optimized the harm that the plaintiffs were subject to." It wasn't just about resizing or choosing images. Meta made content decisions to choose the best ads.

"We believe that that is a material contribution," Masson said.

Judge Seeborg took the matter under submission and said he'd issue a written decision.

In March, Judge Seeborg **dismissed** a prior version of the proposed class action, saying unlike recent cases that could "disrobe" Meta of immunity under Section 230, the plaintiffs didn't allege Meta co-created the ads. However, he gave plaintiffs John Suddeth and Sara Perkins permission to file an amended complaint to try to bolster their claims.

Days earlier, the judge had ruled differently against Meta in another case over a pump-and-dump scheme advertised on social media. In Joshua Bouck et al. v. Meta Platforms Inc., the judge held there's a factual dispute over whether Meta's AI tools **materially contributed** to the ads.

In Suddeth and Perkins' initial suit, filed on behalf of licensed investment advisers, planners, brokers, and other financial professionals, they claimed the social media giant was liable because it facilitated **the dissemination** of the ads on its platforms.

The fraudulent schemes involved Chinese penny stocks, according to the complaint. The scam ads impersonated the financial advisers and showed them endorsing the stocks, the plaintiffs said.

Suddeth, a Florida-based investment professional, alleged that scammers ran advertisements on Facebook and Instagram using his name, headshot, and fabricated quotes. Users who responded to the ad were funneled into a WhatsApp group, according to the complaint. The suit claims Meta participated in the fraud by promoting the advertisements with its "sophisticated targeting technology."

Last year, attorneys general from 40 states and the District of Columbia **publicly urged** Meta to help stem the tide of widespread investment scams across Facebook and WhatsApp that they said have caused people to lose "life-changing" amounts of money to pump-and-dump scams.

Within the WhatsApp groups, the states said, the scammers recommend buying specific thinly traded penny stocks, or those with low trading volume. As users snatch up these securities, prices pump up, and then the scammer turns around and sells, or dumps, them at the artificially high price.

During Thursday's hearing, Masson also argued that his clients had an independent unfair competition law claim for fraud because Meta had pledged to remove content that violates community standards after the AGs had flagged the issue — but it didn't.

"This is after its own internal records showed that upwards of 70% of new ads are scam ads," Masson told the court.

Judge Seeborg **ultimately tossed** the Bouck v. Meta Platforms case after finding that the plaintiffs had adequately alleged Meta materially contributed to the ads — but that meant the suit's state claims were barred under federal securities law.

Suddeth and Perkins are represented by John T. Jasnoch and Sean T. Masson of Scott + Scott Attorneys at Law LLP.

The Meta defendants are represented by Sonal N. Mehta, Jessica Lewis, Ari Holtzblatt and Lakshmi Reddy of WilmerHale.

The case is John Suddeth et al. v. Meta Platforms Inc. et al., case number 5:25-cv-08581, in the U.S. District Court for the Northern District of California.

--Additional reporting by Abigail Harrison, Dorothy Atkins, Lauren Berg and Hailey Konnath. Editing by Marygrace Anderson.

4th Circ. Boeing Class Cert. Ruling May Have Limited Reach

(August 7, 2026, 1:36 PM EDT) --

In Rhode Island Office of the General Treasurer v. The Boeing Co., the U.S. Court of Appeals for the Fourth Circuit on July 20 **reversed and remanded** a grant of class certification on the basis that the plaintiffs' proposed damages methodology did not satisfy the requirements of the U.S. Supreme Court's 2013 **decision** in Comcast Corp. v. Behrend.[1]

The decision neither creates a circuit split, nor heightens the standards for achieving class certification, as it was reached under very specific circumstances. Arguments to the contrary look too much into Comcast and other authority confirming that the standard out-of-pocket damages methodology used in securities class actions satisfies the predominance requirement of Rule 23 of the Federal Rules of Civil Procedure.

Comcast and Out-of-Pocket Damages

In Comcast, an antitrust case, the Supreme Court held that Rule 23(b)(3)'s predominance element requires showing that "damages are capable of measurement on a classwide basis."[2] The Comcast plaintiffs had asserted four different theories of antitrust impact, but the U.S. District Court for the Eastern District of Pennsylvania had only accepted one theory for class treatment.[3]

Nonetheless, the plaintiffs' proposed damages model "assumed the validity of all four theories" and thus "failed to measure damages resulting from the particular antitrust injury on which petitioners' liability in this action [was] premised."[4] As a result, the Supreme Court held that the model violated the principle that "at the class-certification stage, ... any model supporting a 'plaintiff's damages case must be consistent with its liability case.'"[5]

Since Comcast, defendants in securities class actions under Section 10(b) of the Securities Exchange Act have frequently opposed class certification by arguing that the plaintiffs failed to offer a classwide damages methodology.

However, courts have repeatedly rejected those arguments because "the out-of-pocket loss damages theory is the traditional measure of damages in a 10b-5 action," as stated in the U.S. Court of Appeals for the Third Circuit's 2023 decision in University of Puerto Rico Retirement System v. Lannett Co. Inc.[6]

Specifically, the out-of-pocket approach measures damages based on the artificial inflation per share — i.e., the amount induced or maintained by misstatements — at the time of the purchase minus the artificial inflation at the time of the sale.

Artificial inflation is typically measured through an event study, which uses statistical techniques to quantify the company-specific price decline after a corrective event, disaggregating the impact of so-called confounding information. The amount of artificial inflation is applied to the security's share price during the class period, with further adjustments if warranted.

Courts — including the U.S. District Court for the Northern District of Illinois in another pending securities class action against Boeing itself — have repeatedly held that this classwide damages methodology satisfies Comcast.[7]

The Fourth Circuit's Boeing Decision

In the Fourth Circuit's Boeing litigation, plaintiffs asserting claims under Sections 10(b) and 20(a) of the Exchange Act allege misstatements about Boeing's emphasis on safety in the aftermath of two deadly 737 MAX crashes and the Alaska Airlines door-plug blowout in January 2024.[8]

In March 2025, the U.S. Court of Appeals for the Eastern District of Virginia **granted** the plaintiffs' motion for class certification, holding that the "out-of-pocket methodology for calculating per-share inflation" was "widely accepted" in Section 10(b) actions and fit the plaintiffs' theory of liability.[9]

On July 20, 2026, the Fourth Circuit panel reversed and remanded, holding that the plaintiffs had not provided a damages methodology consistent with Comcast.[10] The panel focused on three issues.

First, the panel stated that "[r]ather than offering a methodology, the plaintiffs provided only a legal description of damages."[11] While the panel acknowledged the out-of-pocket approach, it reasoned that a damages methodology must also explain "how to determine the artificial inflation embedded in Boeing's stock price on any day of the class period. Comcast demands that missing step."[12]

The panel also stated that the plaintiffs' expert "never committed to any methodology," including whether and how he would perform an event study, how to disaggregate confounding information, and whether he would use constant-dollar inflation, constant-percentage inflation or another approach to measure artificial inflation.[13]

Further, the panel stated that the "plaintiffs didn't identify their theory of liability by the class-certification stage" because they did not specify whether they were asserting a price inflation or price maintenance theory — i.e., whether misstatements "inflated the share price for Boeing stock or maintained it at an artificially high level" — and as a result, the district court could not determine if the proposed damages methodology was consistent with the plaintiffs' theory.[14]

Finally — although unnecessary to the outcome — the panel briefly addressed the plaintiffs' merits expert report, submitted shortly after the district court granted class certification. The panel suggested that this report's use of constant-percentage inflation during the class period was "inconsistent with the plaintiffs' theory of liability" because it assumed that "varying statements — of different kinds, at different points in time, with different industry and macroeconomic conditions and with evolving investors' perceptions of the riskiness of a Boeing investment — would maintain the alleged fraud by an exact percentage that never changes."[15]

Recent filings indicate that the Boeing plaintiffs intend to file a petition for panel rehearing and rehearing en banc.[16]

Analysis

Securities fraud defendants will likely argue that the Fourth Circuit's decision in the Boeing case requires plaintiffs to present more details about their classwide damages methodology at class certification, including how it will address whether the amount of artificial inflation varies over time during the class period.

For procedural and substantive reasons, these arguments appear misplaced.

First, because the Boeing case was remanded, the plaintiffs will presumably seek class certification again with a revised damages methodology to address the Fourth Circuit's criticisms. Until the district and circuit courts have evaluated that revised methodology, arguments that the Boeing decision changes the class certification landscape would be premature.

Second, Boeing's demands for additional detail on how to measure artificial inflation are not grounded in Comcast itself. Unlike in Comcast — where a flawed antitrust damages model included damages from theories the district court had rejected — no such issue arises in Section 10(b) cases, where the out-of-pocket approach ensures that damages are limited to price declines after corrective events.

Thus, courts around the country have recognized that Comcast does not require securities plaintiffs to identify every detail of their damages methodology at class certification.[17] In the Second Circuit's words from its 2017 decision in Waggoner v. Barclays PLC, Comcast does not require that a damages model "must be so precise" at class certification as to "account for variations in inflation over time."[18]

Given this established precedent, Boeing's impact is likely to be limited outside the Fourth Circuit.

Third, the Boeing decision sidesteps the purpose of describing a damages methodology at class certification, which is simply to ensure that it can be applied classwide.

That does not require detailing every aspect of how to measure artificial inflation. Indeed, developing and applying a complete damages model often depends on the factual record amassed during discovery, including the defendants' internal documents and data, while class certification often occurs well before discovery is complete.

At the merits stage, established valuation techniques can — if warranted on the facts — adjust the amount of inflation over time to account for "different industry and macroeconomic conditions" and "evolving ... perceptions" of risk.[19] But because such adjustments raise classwide issues and yield classwide results, they do not affect Rule 23 predominance, and addressing them at class certification is premature.[20]

Fourth, requiring every detail of the classwide methodology to be specified at class certification raises significant practical and doctrinal concerns.

For practitioners, the decision does not explain how an expert report at class certification would be any different from a damages report at the merits stage (other than omitting actual damages numbers).[21] And it would effectively double the work for district courts, which would arguably need to analyze the nuances of damages issues once at class certification — without the full factual record — then again at the merits stage.

Further, demanding an overly detailed, "case-specific damages methodology" — including how to disaggregate confounding information and determine the amount of inflation "on any day of the class period" — is functionally identical to a loss causation analysis.[22]

Demanding such detail at class certification also implicates the Supreme Court's 2011 decision in Erica P. John Fund Inc. v. Halliburton Co., which held that securities fraud plaintiffs need not prove loss causation to obtain class certification. Notably, the Fourth Circuit's Boeing decision does not discuss this holding.

Finally, the Fourth Circuit's Boeing decision should not be interpreted to create a circuit split regarding the application of Comcast in securities cases, especially given the panel's remand to the district court and case-specific factors, such as the Boeing plaintiffs' lack of "commit[ment] to any specific methodology."[23] The Boeing panel itself denied creating a circuit split and held Waggoner to be "distinguishable," since the plaintiff there had "pressed a single, committed theory" based on price maintenance and "one corrective disclosure [that] revealed the truth."[24]