# Meta to Pay Up to $17.1 Billion in Landmark Settlement Over Social Media Addiction Claims

nytimes.com/2026/08/26/technology/meta-settlement-social-media-addiction-lawsuit.html

Meta on Wednesday reached a landmark settlement with 47 states, the District of Columbia and U.S. territories, agreeing to pay up to $17.1 billion in penalties and make major changes to its products over claims it endangered children with addictive social media platforms.

In a dramatic capitulation, the owner of Facebook and Instagram agreed to the financial penalties for violating federal child privacy and states' consumer protection laws, the states announced. Meta also agreed to limit how long teenagers can spend on its platforms and to bans on features that stoke mental health issues, striking at the heart of the company's business of engagement for advertising.

"The focus of this case was to protect our kids: stopping notifications and alerts at night and when they are in school, encouraging them to take breaks from social media, protecting them against harmful features," said Colorado's attorney general, Phil Weiser, in a statement. The agreement exceeded what most courts might order, he added.

The settlement effectively ends a bellwether federal trial in the U.S. Northern District of California in Oakland, where California, Colorado, Kentucky and New Jersey were seeking roughly $200 billion over accusations that Meta harmed children. The states filed their agreement with Meta on Wednesday morning in that court, where Judge Yvonne Gonzalez Rogers is expected to approve it.

Separately, Meta said on Wednesday that it settled with Texas for about $1 billion over similar allegations. The company still faces numerous other lawsuits from school districts and individuals, some of which are scheduled for trial in the coming months.

The settlement could signal an inflection point for a social media industry that has largely escaped regulatory scrutiny over the harms its products have caused children. The settlement amount is one of the highest ever paid by a tech company to states.

"Meta wouldn't settle unless it sees the writing on the wall and feels really exposed," said Nora Freeman Engstrom, a law professor at Stanford University.

The full value of Meta's payout depends on whether other social media companies also settle with the states and agree to financial penalties and product changes. Meta will initially pay about $12 billion. It will pay an additional $5 billion if Snap, TikTok and YouTube also settle with the states and agree to financial penalties and product changes.

In a call with reporters on Wednesday, Meta's legal team said the company negotiated the terms of its settlement to require the other companies to join, setting industry standards that would not single out Meta.

Meta wants to ensure "teens have a safe and productive experience on our platforms," and it "partnered with state attorneys general to set a new industry standard," C.J. Mahoney, Meta's chief legal officer, wrote in a blog post. He implored other companies to settle.

"This framework will only work if all our peers join us," he added. "Because teens move fluidly across dozens of apps, we need an industrywide solution."

The agreement may also play into other legal claims against Meta, TikTok, YouTube and Snap, the owner of Snapchat. States, schools and teenagers have filed thousands of lawsuits against the tech companies, accusing them of targeting young users with product features that are as addictive as cigarettes or digital casinos, drawing inspiration in part from a legal playbook used against Big Tobacco in the 1990s.

The tech companies have argued that they have added safety features for children and are protected by a law, Section 230 of the Communications Decency Act, which shields companies from liability for what their users post.

Some of the lawsuits were grouped into a series of bellwether personal injury cases brought by individual teenagers in California state court; some are scheduled for trial in October.

A separate group of federal cases is being heard in Oakland, of which some states were a part. School districts have also brought cases accusing the companies of public nuisance for the costs that schools have shouldered from social media addiction.

Meta has faced an uphill battle with some of these lawsuits. In March, Meta and YouTube lost their first personal injury case, paying $6 million in damages. Separately, a New Mexico judge ordered Meta this month to pay penalties totaling nearly $1 billion in a case brought by the state attorney general for violations of consumer protection laws.

Image

Mark Zuckerberg, Meta’s chief executive. The company still faces numerous other lawsuits, some scheduled for trial in the coming months.Credit...Tierney L. Cross/The New York Times

The company’s decision to settle acknowledges its vulnerability as the trials have shaped a negative narrative about its treatment of young users. Mark Zuckerberg, Meta’s chief executive, has had to defend himself against evidence that he knew of harms caused to children. He had been expected to testify again at the trial in Oakland.

Last month, Meta said that it had spent about $2 billion in the second quarter alone to handle its legal challenges.

The agreement also ends a trial brought by Tennessee's state attorney general against Meta for consumer protection violations.

The settlement will effectively force Meta to make major product changes for all U.S. users. The company agreed to interrupt endless scrolling and to impose two-hour daily time limits on Instagram and Facebook. To avoid addictive use and sleep interruptions, the company will limit usage between midnight and 6 a.m. and silence notifications between 10 p.m. and 7 a.m.

Meta will also limit features that psychologists link to negative social comparisons, such as beauty filters and a tallying of the "like" button clicks. It will also strengthen age verification tools and parental controls.

"This is a monumental public health victory for young people in D.C. and across the country, and the safety features Meta is required to install will fundamentally and immediately change how young people use Instagram and Facebook," Brian Schwalb, the attorney general of the District of Columbia, said in a statement.

He noted that Meta was the first social media company to settle with the states, and added that it "will not be the last."

Snap declined to comment. YouTube, which is owned by Alphabet, and TikTok weren't immediately available for comment.

A settlement with dozens of states would indicate that for Meta, "the cost of maintaining infinite scroll, auto play, filters, etc., is just too big a risk for the company," said Stuart Benjamin, a professor at Duke School of Law and the co-director of Duke's Center for Innovation Policy. "And they have concluded that they've just got to end that risk one way or another."

Countries around the world are limiting social media use by young people. Last year, Australia became the first nation to bar children under 16 from using social media. Denmark, France, Germany, Spain, India, Indonesia, Malaysia and others have implemented or are considering similar rules. The European Union last month took the first step toward its own ban, which would be the largest in the world.

In the United States, lawmakers have reintroduced the Kids Online Safety Act, a bill that would strengthen privacy for minors and allow them to opt out of algorithmic features that have been linked to compulsive use of social media. Multiple states have also passed laws aimed at limiting harm to children from social media.

Class Action

Manage Newsletters

# Meta Says It Will Pay Up to $18 Billion Over Social Media Claims

Aug. 26, 2026, 8:31 AM PDT

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## Summary by Bloomberg AI AI Generated

- Meta Platforms Inc. agreed to pay up to $18 billion in landmark settlements to resolve allegations that the company deliberately designed Facebook and Instagram to encourage compulsive use among young users.
- The agreement requires Meta to put new guardrails on its platforms, including restricting how much time youths can scroll and preventing them from switching off certain safety settings without parental consent.
- The settlement includes payments to resolve a variety of claims across multiple lawsuits, with some payments contingent upon other social media companies adopting similar platform changes and making their own payouts.


Meta Platforms Inc. said it agreed to pay up to $18 billion in landmark settlements to resolve allegations from multiple US states that the company deliberately designed Facebook and Instagram to encourage compulsive use among young users.

Key parts of the deal, disclosed in a court filing Wednesday, require the company to put new guardrails on its platforms, including restricting how much time youths can scroll and preventing them from switching off certain safety settings without parental consent.

The agreement includes payments to resolve a variety of claims across multiple lawsuits.

Meta has agreed to pay up to $16.7 billion to resolve the lawsuit at the center of the trial in Oakland, according to the court filing. In addition, the company would pay another $459 million to resolve other privacy claims as well as $75 million in legal fees. Separately, Meta said it reached an agreement to pay Texas up to $1 billion.

Read More: Time Limits, ‘School Mode’: Meta Agrees to Curb Kids’ Access

Some of the payments are contingent upon other social media companies adopting similar platform changes and making their own payouts.

A judge needs to sign off on the agreement. In the filing, Meta denied the allegations against it and said the deal did not constitute an admission of liability.

**Oakland Trial**

The accord comes in the second week of a jury trial in federal court in Oakland, California, that posed enormous risk for Meta. The top legal officers of 29 states were seeking not only massive financial penalties on behalf of the public, but also court orders that could have forced the company to change how it operates its platforms.

The states had alleged violations of state consumer protection and federal privacy laws — which carry fines that add up quickly when multiplied by millions of young Instagram and Facebook users. By Meta's own calculations, a loss a trial could have saddled it with penalties of as much as $1.4 trillion, an amount close to its market capitalization and unheard of in the annals of legal history.

Meta shares were up about 2.2% at 11:30 a.m. in New York after fluctuating earlier. Bloomberg reported late Tuesday that the parties had discussed a possible mid-trial settlement.

"Ensuring teens have a safe and productive experience on our platforms is an absolute imperative for Meta. We want to get this right for parents and teens," Meta said in a statement Wednesday.

Meta also said that the agreement includes default blocks from its apps at night as well as muted notifications during school hours.

The planned settlement includes the appointment of an independent auditor to oversee compliance, who can issue their own recommendations and report findings to the states. The agreement would also require Meta to enhance its age verification tools to better identify young users on the app. Access to features like viewing the number of likes on a post or beauty filters would be restricted for teens.

"Meta has agreed to make massive transformations that will reduce the risk of harm from its platforms — and will do it within months," California Attorney General Rob Bonta said in a statement.

### Settlement Structure

The settlement doesn't immediately require Meta to pay out the full value of the deal. Under the agreement, Meta is formally required pay the states a total of $12.19 billion over 10 years. That amount will increase to the full $17.1 billion value of the settlement only if other platforms also agree to similar safety terms and settlement payouts.

During the first week of testimony, jurors heard from Instagram head **Adam Mosseri** and a collection of current and former Meta employees who helped design its social media platforms and study how teen users interact with tools designed to cut down on problematic use.

Lawyers had also said they expected to call Meta founder and chief executive officer Mark Zuckerberg to testify.

The attorneys general spearheading the case, from California, Colorado, Kentucky and New Jersey, alleged under their separate state laws that Meta knowingly designed features that encouraged compulsive and prolonged use of its platforms by young people, while simultaneously misleading consumers about safety features on its platforms.

The broader bipartisan group of 29 states accused the company of collecting data from users under 13 years old in violation of the federal Children's Online Privacy Protection Act.

Social media companies are facing a global backlash over concerns that they profit at the expense of young users, for whom a growing body of research shows that excessive screen time is dangerously unhealthy.

While authorities from Australia to Europe have enacted or proposed outright bans for youths in the last year, legislative crackdowns in the US have had limited success, turning the courts into a pivotal battleground.

### More Claims

Meta, Alphabet Inc.'s Google, Snap Inc. and TikTok all face billions of dollars in potential exposure from more than 3,000 personal injury claims by individuals and families in the US, and about 1,300 more lawsuits by public school districts across the nation.

Some of the cases have already settled, avoiding trials, while more bellwether cases loom in the months ahead.

The lawyers behind the cases have gained traction in court by arguing that the products themselves — through their design and functionality — have created harms, rather than taking at aim at content, for which platforms are broadly protected from liability.

This strategy, several years in the making, succeeded in its first test when a Los Angeles jury in March awarded $6 million to a 20-year-old woman who said her nonstop use for more than a decade of sites including Meta's Instagram and Google's YouTube caused her to suffer anxiety, depression and body dysmorphia.

The Oakland trial followed a nearly $1 billion hit for Meta in a case brought by New Mexico's attorney general.

A state court judge in Santa Fe likened Meta to a polluting factory and ordered the company to make platform changes, including time limits for usage and push notifications for young users. Meta was ordered to pay roughly $375 million in civil fines and $567 million to ameliorate social media harms to youths in the state.

About 14 other states are separately pursuing social media harm cases against Meta in their own state courts. A trial in Tennessee's case is close to wrapping up in Nashville.

The case is People of the State of California v. Meta Platforms Inc., 23-cv-05448, US District Court, Northern District of California (Oakland).

(Updates with more details, payment breakdown)

--With assistance from Erik Larson, **Alexandra S. Levine** and **Peter Blumberg**.



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Ben Bain

# 'False Innuendo': Sanctioned Davis Wright Atty Rips Fee Bid

July 24, 2026



**Author:** Jeff Overley

## Summary

A Davis Wright Tremaine LLP partner sanctioned for subpoena tactics is fiercely contesting a plaintiffs firm's six-figure fee bid, telling a California federal court that the request misleadingly cites alleged misconduct in separate litigation, reflecting a "naked attempt to prejudice the court's view of counsel."

## Body

A Davis Wright Tremaine LLP partner sanctioned for subpoena tactics is fiercely contesting a plaintiffs firm's six-figure fee bid, telling a California federal court that the request misleadingly cites alleged misconduct in separate litigation, reflecting a "naked attempt to prejudice the court's view of counsel."

In a brief late Thursday, Davis Wright Tremaine partner Jacob M. Harper assailed the $100,000 request from Smith Krivoshey PC and firm co-founder Yeremey O. Krivoshey, saying it's premised heavily on "false innuendo about unrelated cases" where Harper and a client battled sanctions demands.

"The court should disregard the [request's] reliance on unrelated litigation," Harper wrote, joined by former Davis Wright attorney Joseph Elie-Meyers, who was also sanctioned over the subpoena imbroglio in a proposed class action involving kombucha alcohol content.

Law360 recently reported on Harper's history of dust-ups involving bold legal maneuvers; that history also appeared in last month's sanctions order from U.S. Magistrate Judge Thomas S. Hixson, who wrote that Harper had "already been warned" in other matters about "improper litigation tactics," and that "prospective sanctions are necessary to encourage better behavior in the future."

Smith Krivoshey's fee request echoed that observation, accusing Harper of displaying a "pattern of impulsive incivility" in other cases and averring that "if the court does not take sufficient corrective action, this behavior will continue."

But the Davis Wright attorneys on Thursday wrote skeptically of "attempting to deter counsel's zealous and effective defense of clients." They further asserted that "deterrence of any kind is not a basis to enhance" an award of attorney fees.

The duo also rebutted the relevance of other contretemps involving professional conduct. Fees are the only thing up for debate, and that debate has nothing to do with "imposing additional sanctions based on unrelated proceedings involving different parties, different records and different courts," the attorneys wrote.

More precisely, looking at past cases won't help the court assess whether $100,000 is a reasonable request, and consideration of those cases would raise due process concerns, they said.

Moreover, Smith Krivoshey's invocation of separate matters is "particularly misleading because none of the cited matters resulted in sanctions against any counsel, including Mr. Harper," the brief said.

The other matters mostly dealt with Harper's work for grocery giant The Kroger Co. in suits alleging inaccurate labeling; although Thursday's brief acknowledged that Kroger was sanctioned multiple times, it noted that Harper went untouched. Harper, who joined Davis Wright in 2017, is based in Los Angeles and co-chairs the firm's groups for the food and beverage industry and class action defense.

Elsewhere in Thursday's brief, Harper and Elie-Meyers contended that the fee request should be rejected out of hand because Smith Krivoshey is seeking compensation for work its own lawyers performed. In Kay v. Ehrler, the U.S. Supreme Court in 1991 held that a pro se litigant who was also a lawyer couldn't win attorney fees, and that holding "applies with equal force to law firms," Harper and Elie-Meyers wrote.

If any fees are awarded, the $100,000 request should be slashed to about $15,000, they said. The reduction is essential for numerous reasons, including "unnecessary partner staffing," "inadequately documented time entries" and "other inefficiencies that no paying client would allow on a bill," the brief insisted.

Earlier this month, Harper and Elie-Meyers also asked a U.S. district judge to review the sanctions order. The order stemmed from the attorneys' subpoenaing of testimony and documents about fee agreements between plaintiffs firms in the kombucha case.

Krivoshey declined to comment Friday.

Although Harper and Elie-Meyers called the $100,000 request excessive, they have defended far larger fee awards after winning sanctions of opposing counsel. For example, shortly before Judge Hixson's sanctions order, the two attorneys were part of a Davis Wright team that urged the Ninth Circuit to affirm $625,000 in sanctions against plaintiffs lawyers in a separate consumer case.

Harper and Elie-Meyers are represented by Heather Rosing and Wener Vieux of Rosing Pott & Strohbehn LLP.

Krivoshey and Smith Krivoshey are represented by Joel D. Smith and Yeremey O. Krivoshey of Smith Krivoshey PC.

The cases are Patel et al. v. GT's Living Foods LLC, case number 2:19-cv-10920, in the U.S. District Court for the Central District of California, and Patel et al. v. GT's Living Foods LLC, case number 3:26-mc-80036, in the U.S. District Court for the Northern District of California.

--Editing by Brian Baresch.

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Securities

# 3D Systems Shareholder Dismisses Lawsuit Alleging Fallen Demand

Aug. 25, 2026, 9:11 AM PDT

A 3D Systems Corp. investor relinquished a lawsuit alleging the three-dimensional printing company understated weakened consumer spending.

Judge Gregory B. Williams approved the voluntary dismissal Tuesday, the day after the US District Court for the District of Delaware judge again denied another investor's bid to lead the proposed class action. Williams last year said the other investor, who proposed using the same counsel to lead the case, had minimal losses or shares to demonstrate his ability to be the "most adequate plaintiff;" the judge also said the lawsuit may not be appropriate as a class action.

- 3D Systems understated weakened spending while it overstated its resilience to challenging industry conditions, the initiating complaint said
- The company also allegedly failed to disclose that updated "milestone criteria" under a partnership with biotech giant United Therapeutics Corp. would negatively affect revenue from its regenerative medicine program
- The proposed class would've covered investors who acquired 3D Systems securities from Aug. 13, 2024, to May 12, 2025 — the day 3D Systems released underwhelming financial results for its first quarter of 2025

Pomerantz LLP and Bielli & Klauder LLC represented investor Marcel F.M. Herbermann, who filed the initiating complaint and the dismissal. Alston & Bird LLP and Ross Aronstam & Moritz LLP represented 3D Systems.

The case is Herbermann v. 3D Sys. Corp., D. Del., No. 1:25-cv-00734, voluntarily dismissed 8/25/26.

Bloomberg Law

Manage Newsletters

# AI-Related Off-Balance-Sheet Commitments Top $3 Trillion: MS

Aug. 25, 2026, 8:12 AM PDT

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Five hyperscalers along with chip firms Nvidia and Broadcom have collectively committed more than $3.1 trillion between guarantees, leases and other forms of financial support to facilitate others' AI infrastructure spending, according to Morgan Stanley.

Of the hyperscalers — Alphabet, Amazon, Meta, Microsoft and Oracle — Alphabet's $890 billion total is easily the most and largely involves purchase commitments, analysts led by **Todd Castagno**wrote in a report

Overall, "as of their latest SEC filings, hyperscalers' undiscounted commitments total more than $2.7tn, or ~3 years of current operating cash flow"

The group's projected 2027 cash capital spending is more than $1.2 trillion, versus forecasted cash flow of about $1 trillion

Morgan Stanley estimates that more than 40% of hyperscalers' sales are being reinvested into AI capex

Free cash flow at Alphabet and Amazon fell below zero in 2Q, and it's expected to happen this quarter at Meta

"As FCF turns negative, hyperscalers are turning to leasing, issuing debt, and halting buybacks and issuing shares to fund their compute capacity goals"

The bank adds that as capex is "increasingly funded by debt instead of cash, the economics of these projects become increasingly dependent on the cost of external capital"

Read more:

Bond Traders Fear $70 Billion Shadow AI Backstops: Credit Weekly

Broadcom Credit Risk Soars on Mega AI Debt Financing Backstops



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# British Columbians claim YouTube falsely advertises 'ad-free' premium services

courthousenews.com/british-columbians-claim-youtube-falsely-advertises-ad-free-premium-services

Dustin Godfrey August 26, 2026

Three class members say YouTube Premium removes its own ads, but doesn't block the ads included in videos by content creators.

VANCOUVER, British Columbia (CN) — When they paid a monthly premium for an ad-free YouTube experience, three British Columbia residents say they got exactly what they paid to avoid.

The YouTube Premium subscription, which comes with a CA$12.99 ($9.38) monthly price tag for individuals and CA$22.99 for a family plan, removes all of the ads YouTube itself attaches to content posted on the platform.

But while that is billed as an “ad-free” experience with “no interruptions,” Thirumugham Palaniappan, Jason Kooner and Connor MacLeod say in their class action they haven’t gotten a truly ad-free experience.

That’s because creators who upload videos to the YouTube platform can include sponsored content within their own videos.

The plaintiffs say Google — along with co-defendants Google Canada Corporation and YouTube LLC — “intentionally created a structural loophole in it’s purportedly ad-free service … Although the source and delivery mechanism of the advertisements changed, the commercial interruption experienced by subscribers remained substantially the same.”

In the complaint filed Friday in the Supreme Court of British Columbia, the plaintiffs say they signed up for YouTube Premium between 2021 and 2025, and each of them claim the creator-embedded ads were initially relatively infrequent.

But in the last couple of years, they say the ads “have proliferated across the YouTube platform and become increasingly frequent and ubiquitous.”

Represented by Vancouver-area firm Dusevic & Garcha, the plaintiffs argue there is only a technical difference — who is delivering the ad — between the ads YouTube itself puts on videos and the ads creators themselves include in their videos.

“That technical distinction does not alter the nature or effect of the commercial interruption experienced by a YouTube Premium subscriber,” the plaintiffs write.

They claim the defendants violated their contract, along with Canada's Competition Act and British Columbia's Business Practices and Consumer Protection Act.

The plaintiffs note the claim to be ad-free doesn't come with any carveouts for creator-embedded ads, and the inclusion of those ads devalues the YouTube Premium product. They claim the defendants are unjustly enriched by the purported deception.

"Google's commercial benefit from creator-embedded advertisements includes the subscription revenues it receives and retains and the broader benefits arising from the continued operation and growth of the creator economy on YouTube," the plaintiffs write.

They ask for damages in the form of restitution of the overpayment in the subscription fees, along with an injunction stopping the defendants from advertising YouTube Premium as ad-free without disclosing the creator-embedded ads may still play.

The class action follows another filed in July by two California plaintiffs who similarly accuse Google and YouTube of breaking a promise for an ad-free experience.

Google and representatives of the plaintiffs did not immediately respond to a request for comment.

# Liquidators can pursue PwC globally over Chinese property giant's collapse, court rules

FT **ft.com**/content/930f2c92-f0e3-4609-b0ad-cdd3d791ab70

Liquidators of the collapsed Chinese property group Evergrande can pursue PwC globally for audit failings, a judge has ruled, in a case that will test the Big Four accounting firms' partnership network model.

A Hong Kong judge on Wednesday allowed Evergrande's liquidators to pursue their negligence case against PwC International, the network's global umbrella organisation, alongside its Hong Kong and mainland China affiliates, which were responsible for auditing Evergrande.

"It is at least arguable that . . . [PwC] International did owe a duty of care to [Evergrande]," wrote deputy High Court judge Patrick Fung. "It is crucial that there should be discovery of documents and interrogatories administered, which I believe will throw more light on the case."

The liquidators are seeking about $8.4bn in damages from the three entities after multiple regulators found PwC auditors in Hong Kong and mainland China failed to meet professional standards when they signed off on Evergrande's financial statements.

The ruling is a victory for Eddie Middleton and Tiffany Wong, the liquidators from Alvarez & Marsal who have focused much of their legal attention on pursuing PwC for negligence, given the difficulty of recovering Evergrande assets in mainland China for creditors.

Evergrande, which was one of China's largest property developers, defaulted in 2021 with about $300bn in liabilities. It was later found to have fraudulently inflated revenue in the run-up to its collapse.

In April, PwC Hong Kong agreed to pay HK$1.3bn ($166mn) to settle Evergrande-related claims with local regulators. Its mainland affiliate in 2024 paid a Rmb441mn ($66mn) fine after the finance ministry in Beijing found PwC staff had "concealed or even condoned" fraud at the property group.

Unlike traditional multinational companies, the Big Four accounting firms use a network structure that keeps national audit firms legally separate. They are co-ordinated by a global umbrella organisation that maintains the brand and imposes common standards.

The system is designed to comply with differing national audit regulations and to shield each member firm from legal liability due to audit failures in other countries.

The Hong Kong ruling threatens to export financial and legal risks to the rest of the PwC network, where the largest member firms, including those in the US and the UK, shoulder most of the funding costs for PwC International.

The umbrella organisation does not typically make profits or hold significant assets.

Evergrande's liquidators have argued that PwC International should be held liable for the failings of its member firms in Hong Kong and mainland China, which allowed the property group to pay out $6bn in dividends between 2017 and 2020 despite its financial situation.

The liquidators are pursuing PwC International for $5.6bn.

PwC International argued that it should not be party to the case because Evergrande was not its client.

The Big Four's network structure has successfully kept most audit scandals isolated to individual member firms, but there have been exceptions.

In 2009, a US court ruled that Deloitte Global could be sued over fraud at dairy group Parmalat, a client of its Italian member firm. In 2011, PwC International was part of a settlement of investor claims related to the collapse of India's Satyam Computer Services.

Evergrande's liquidators welcomed the court's decision and said they would continue to "pursue recoveries for the benefit of creditors".

A spokesperson for PwC's global network said they disagreed with the court's decision and were "evaluating our legal options".

"[PwC International] is the co-ordinating entity within the PwC network and has never provided any services to Evergrande or had any relationship with the company," said the spokesperson. "[PwC International] is confident that the claims against it have no merit."

# Napco Agrees to $20 Million Investor Class Pact Over Accounting

Aug. 26, 2026, 7:40 AM PDT

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Napco Security Technologies Inc. will pay $20 million to resolve investor allegations that the alarm system developer overstated profit and inventory levels in accounting statements ahead of a record selloff.

Napco, Executive Chairman Richard Soloway, and CEO Kevin Buchel denied the allegations through the class deal, investors said while seeking preliminary approval in the US District Court for the Eastern District of New York on Tuesday.

Investors plausibly alleged Soloway and Buchel, who were then CEO and chief financial officer, had the requisite level of intent for securities fraud claims with "unusual stock sales," Judge Brian M. Cogan said last year. He mostly spared the suit from dismissal.

The investors later agreed to drop other defendants and claims asserted under the act that governs stock issuances, the Securities Act of 1933. In exchange, Napco didn't oppose class status. Cogan last year certified a class of investors who got NAPCO stock from Nov. 7, 2022, to Aug. 18, 2023.

Napco said in August 2023 that it needed to restate financial results for the first three fiscal quarters of that year, saying it hadn't properly accounted for fluctuations in the costs of several components that resulted in misstatements of its inventories and cost of goods sold.

Its stock price fell 45% the next trading day — then its biggest recorded one-day drop, according to data compiled by Bloomberg that goes back to 1984.

Robbins Geller Rudman & Dowd LLP and Johnson Fistel PLLP are class counsel. Simpson Thacher & Bartlett LLP represents Napco and the executives. None of these law firms nor Napco immediately responded to emails seeking comment.

The case is Zornberg v. NAPCO Sec. Techs., Inc. , E.D.N.Y., No. 1:23-cv-06465, 8/25/26 .

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# SEC Preps Overhaul of Crypto Custody Rules for Investment Firms

Aug. 26, 2026, 6:16 AM PDT

## Summary by Bloomberg AI

AI Generated

- The Securities and Exchange Commission has sent a proposal to the White House concerning rules for investment advisers holding digital assets for their clients.
- The proposed rule would "clarify the framework for the custody of crypto assets" for investment advisers and investment companies and eliminate some existing custody requirements.
- The proposal is in response to questions by investment companies and advisers about how to hold digital assets for their clients without running afoul of agency rules.

The Securities and Exchange Commission has sent a new proposal to the White House concerning rules for investment advisers holding digital assets for their clients.

The item was sent to the White House's Office of Management and Budget on Aug. 25, according to a post on its website.

It's the latest sign of financial regulators moving forward with the Trump administration's crypto agenda while legislation to delineate crypto market structure regulation lingers in the Senate.

The proposed rule would "clarify the framework for the custody of crypto assets" for investment advisers and investment companies, according to the rule's description on a federal list of forthcoming SEC rules. The proposal is in response to questions by investment companies and advisers about how to hold digital assets for their clients without running afoul of agency rules, the agency said.

The proposed rule would also eliminate some existing custody requirements, which the SEC said have been rendered "outdated" due to market evolution and current trading and holding practices.

The SEC said the proposed rule is part of Chairman **Paul Atkins**' efforts to bring its regulatory framework into the modern era.

Full details of the new proposal won't be known until the White House's Office of Management and Budget completes its review of the SEC rule. Once it's sent back to the agency, potentially with edits, the members of the commission, currently three Republicans, will vote on it and release it to the public.

The SEC typically takes public comment for at least 60 days before it will review the input and incorporate it into a final version of the rule, which will also have to be voted on before it can go into effect.



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Anthony Aarons

Securities

Manage Newsletters

# SunPower Ex-Brass' $11 Million Investor Accord Gets Court Nod

Aug. 26, 2026, 8:52 AM PDT

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Three former SunPower Corp. executives' $11 million settlement earned a federal court's final approval to end investor class allegations that they hid it was in a dire cash crunch before it filed for bankruptcy.

The settlement class includes investors who got SunPower securities from May 3, 2023, to July 19, 2024, Judge Rita F. Lin said, giving the deal her blessing Tuesday. The investors' counsel will get a quarter of the settlement sum for attorneys fees and almost $123,000 for litigation expenses, plus interest, the US District Court for the Northern District of California judge said.

The investors had sufficiently alleged executives misled shareholders in a 2023 Securities and Exchange Commission filing by saying SunPower could continue meeting its cash obligations even though two of them had attended and conducted meetings to address its liquidity crisis, Lin said last year, letting part of the suit proceed past a motion to dismiss

SunPower exited the lawsuit after it filed for Chapter 11 bankruptcy in August 2024

Complete Solar bought some of SunPower's assets through the bankruptcy process and rebranded as SunPower Inc.

Pomerantz LLP is lead counsel for the investors. Wilson Sonsini Goodrich & Rosati represents the former executives. Neither side's attorneys immediately responded to emails seeking comment.

The case is In re SunPower Corp. Sec. Litig. , N.D. Cal., No. 3:23-cv-05544, final approval 8/25/26 .

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# PG&E Investors Get Final OK For $100M Wildfire Suit Deal

law360.com/articles/2517650

(August 25, 2026, 7:30 PM EDT) -- A California federal judge Tuesday gave final approval to a $100 million deal settling claims California utility Pacific Gas & Electric Co., its brass and underwriters misled investors about the company's safety practices ahead of deadly wildfires in the past decade, with lead attorneys securing $21 million in fees.

According to the docket entry, Tuesday's settlement hearing allowed U.S. District Judge Edward J. Davila to approve the settlement as "fair, adequate and reasonable." In addition to fees, the attorneys will also collect $4.4 million in expenses, and the Public Employees Retirement Association of New Mexico will receive approximately $23,000 for leading the class.

Judge Davila **preliminarily approved** the settlement in February, weeks after he was **urged to reject** the deal by 60 members of the proposed class — known as the RKS claimants — who argue the settlement runs contrary to the plan PG&E established in its bankruptcy. The company filed for Chapter 11 reorganization in 2019 and emerged in July 2020.

The parties reached the agreement days after U.S. Bankruptcy Judge Dennis Montali denied PG&E's October 2024 bid to stay the securities class action claims and just over a week after PG&E's officers and its directors and underwriters filed a pair of bids to dismiss the latest version of the investor claims.

A previous version of the suit was dismissed in October, but Judge Davila allowed a fifth attempt to pursue the claims.

Tuesday's approval ends claims that PG&E "destroyed billions of dollars of economic value in the company's securities" by failing to disclose the deficiencies of its wildfire safety practices in the lead-up to unusually deadly and destructive wildfires in 2017 and 2018.

The settlement class includes those who purchased PG&E shares between April 29, 2015, and Nov. 15, 2018, the filing states.

According to the investors, the wildfires "were started or exacerbated by noncompliant PG&E electrical equipment and vegetation management: an astounding fact to those who believed PG&E's public statements that it complied with California and federal safety regulation."

In February 2020, the California Public Utilities Commission hit PG&E with over $2 billion in penalties, the largest it had ever assessed, for the utility's role in igniting the wildfires.

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

The RKS claimants are represented by Lawrence M. Rolnick, Marc B. Kramer, Jeffrey A. Ritholtz and Frank T.M. Catalina of Rolnick Kramer Sadighi LLP, and James A. Long of The Long Law Firm PLLC.

The proposed class and lead plaintiff Public Employees Retirement Association of New Mexico are represented by Thomas G. Hoffman Jr., Thomas A. Dubbs and Michael P. Canty of Labaton Keller Sucharow LLP.

The Securities Act plaintiffs are represented by Willow E. Radcliffe and Kenneth J. Black of Robbins Geller Rudman & Dowd LLP.

PG&E is represented by Michael J. Reiss and James E. Brandt of Latham & Watkins LLP.

The PG&E officers are represented by Steven S. Scholes and Jason D. Strabo of McDermott Will & Schulte. The PG&E directors are represented by Stephen P. Blake and Jonathan K. Youngwood of Simpson Thacher & Bartlett LLP. The PG&E underwriters are represented by Charles S. Duggan and Dana M. Seshens of Davis Polk & Wardwell LLP.

The case is In re: PG&E Corp. Securities Litigation, case number 5:18-cv-03509, in the U.S. District Court for the Northern District of California.

# Truist Says Excess Insurers Owe For $240M Overdraft Deal

law360.com/articles/2517568/truist-says-excess-insurers-owe-for-240m-overdraft-deal-

(August 25, 2026, 8:02 PM EDT) -- Truist Bank has launched counterclaims against a group of insurers who claim they don't owe coverage to the bank for a $240 million settlement of a consumer class action stemming from alleged overdraft charges, arguing the relevant insurance policy expressly includes settlements, among other things, as covered damages.

Truist filed a third-party **complaint** Monday against seven excess insurers that were part of a 2009-2010 tower of insurance issued to Truist's predecessor, SunTrust Bank.

The excess insurers, along with the policy's primary insurer, Indian Harbor Insurance Co., **filed suit** against Truist in June, arguing the $240 million settlement the bank entered into with consumers, in an action called Bickerstaff v. SunTrust Bank CA, represents fees paid to the bank and interest, both of which are excluded from the definition of damages in the relevant policy.

Indian Harbor voluntarily dismissed its claims against Truist earlier this month. The filed notice did not explain the insurer's decision.

On Monday, Truist argued that "damages" is defined in the 2009-2010 insurance policy to expressly include any settlement or judgment in a lawsuit against the bank, and any award such as attorney fees, and therefore the $240 million settlement, along with the ordered attorney fees in the case, are covered.

Truist argues that the excess insurers have misread and mischaracterized the policy and its provisions "in an effort to avoid indemnifying Truist for the amounts paid and to be paid by Truist under the terms of the [settlement] and final judgment."

The third-party complaint also notes that along with voluntarily dismissing its claims against Truist, Indian Harbor Insurance has agreed to pay its full $25 million limit of liability under the policy.

"[Indian Harbor's] agreement to pay and exhaust its full limits further confirms that the follow-form 2009-10 excess insurers lack a reasonable basis for denying coverage ... and have unreasonably and wrongfully refused to indemnify Truist under their respective follow-form excess policies," the complaint states.

The bank also hit back at some excess insurers' claim that the settlement is excluded from coverage under the policy because it is "interrelated" with two other, earlier-filed overdraft-fee lawsuits against SunTrust, referred to as the "2008-09 reordering actions."

"Bickerstaff alleges entirely different wrongful acts and presents an entirely different question of whether the amounts Truist charged customers for extending credit constituted usurious interest on a loan," the complaint states.

Truist claims that the Bickerstaff action and the 2008-09 reordering actions alleged different claims that each could be independently covered under the policy.

"The 2008-09 reordering actions involve Truist's alleged rendering or failure to render 'professional services,' while Bickerstaff arises from allegations against Truist involving the performance of 'lending acts,'" the complaint states.

Additionally, Truist argues that if these claims were to be viewed "as a single 'overdraft program,'" Truist's insurance coverage for future lawsuits involving or relating to an overdraft service would be "illusory."

"Indeed, the excess insurers' overbroad theory of relatedness would result in all such lawsuits relating to an 'overdraft' feature being a 'single claim' with available coverage solely in the 2008-09 policy period — a result the law prohibits," the complaint states.

The Bickerstaff action was filed in 2010 and claimed SunTrust extended credit to cover overdrafts by its customers and that the overdraft fees constituted interest charged on that credit in violation of the state's usury laws.

Truist and consumers settled in January, with funds to be distributed according to a plan that calculates recovery based on overdraft fees that settling class members paid to SunTrust, according to court filings.

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

Truist Bank is represented by Anthony P. Tatum, Nicholas G. Hill, Brandon J. Brown and Lee K. Royster of McGuireWoods LLP.

U.S. Specialty Insurance Co. is represented by Elizabeth F. Booke of Wiley Rein LLP.

Axis Insurance Co. is represented by Janice Holmes of Clyde & Co US LLP.

Federal Insurance Co., Ace American Insurance Co. and Chubb Underwriting Agencies Ltd. are represented by Janelle E. Shirk of Kaufman Dolowich LLP.

Twin City Fire Insurance Co. is represented by Robert Wilson of Hedrick Gardner Kincheloe & Garofalo LLP.

St. Paul Mercury Insurance Co. is represented by Michael W. Mitchell of Smith Anderson.

The case is U.S. Specialty Insurance Co. et al. v. Truist Bank, case number 3:26-cv-00513, in the U.S. District Court for the Western District of North Carolina.

--Additional reporting by Hope Patti. Editing by Jay Jackson Jr.

# Liquid Death Sued Over '0g Sugar' Claim In Energy Drinks



(August 25, 2026, 8:18 PM EDT) -- The maker of Liquid Death energy drinks has been hit with a proposed class action in California federal court for deceptively labeling its sparkling beverages as having "0g sugar" despite them being sweetened with allulose, which the Seventh Circuit recently found to be a sugar under relevant federal regulation.

The company behind Liquid Death has been hit with a proposed false advertising class action in California federal court alleging it deceptively labeled its sparkling energy drink as having "0g of sugar," despite the presence of allulose, a monosaccharide that the Seventh Circuit has recently found was a sugar under relevant federal regulation. (Court Documents)

In a **45-page complaint** Monday, James Williamson accused Supplying Demand Inc. — the maker behind the popular non-alcoholic Liquid Death products including plain water, sparkling water and iced tea — of violating California consumer protection laws in connection with its labeling of its sparkling energy beverages.

"'0g sugar' Liquid Death sweetened predominantly with allulose is really just an energy drink sweetened with sugar; its very name is a lie," Williamson alleged. He argued the drinks contain allulose, which qualifies as a sugar, since it is a monosaccharide.

The consumer noted allulose is a naturally occurring sugar found in small amounts in foods like figs, raisins, wheat, maple syrup and molasses. As a monosaccharide, allulose falls squarely within the U.S. Food and Drug Administration's definition of "sugar," according to the suit.

Consistent with that regulatory definition, the FDA has stated allulose must be included in the "total sugars" declaration as an allulose, pending any future rulemaking that'd otherwise leave that substance out, Williamson explained.

"Indeed, allulose is not merely present in the products in trace amounts: It is the second-listed, and therefore the second most predominant, ingredient in the products," Williamson said. "Federal and California law permit maximum amount of sugar to be less than 0.5 grams in a product labeled 'sugar free.' Therefore, the '0g sugar' claim in the product that contains allulose as the second largest ingredient is false and misleading."

Williamson's suit referred to the Seventh Circuit's opinion **issued last month** in Jason Franco v. Chobani , reviving a proposed class action claiming Chobani misled customers by labeling its yogurt as "sugar free." The appellate court found the naturally occurring sweetener in the product constitutes a sugar under federal regulation.

The Seventh Circuit said federal requirements state food products can't be labeled as sugar free unless they have less than half a gram of sugar, and sugars include every monosaccharide, including allulose. The circuit judges said there was no dispute that allulose is a "monosaccharide."

Williamson argued Monday the Chobani case found the state consumer protection claims based on the "sugar free" labeling of products sweetened with allulose weren't preempted, and that the consumers plausibly alleged deception, given the "'absolute promise'" on Chobani's sugar-free yogurt products.

"Each of those holdings applies with equal or greater force here," Williamson said. "Like Chobani's yogurt, the products make an absolute '0g sugar' and 'zero sugar' promise while containing allulose as the second-listed and second-most predominant ingredient in defendant's products."

Tate & Lyle, the ingredient manufacture that produces most commercial-grade allulose, has acknowledged in several filings with the FDA that it is a monosaccharide and classified as sugar.

"Even the sweetener industry's own website, allulose.org, plainly states that 'allulose (also called psicose) is a low-calorie sugar," Williamson said.

According to Williamson's complaint, he bought a Liquid Death sparkling energy from a Target in Alameda County, California, in March, after reading and relying on the zero sugar representations that are clearly printed on the front of the cans.

Williamson alleged every Liquid Death product and individual can notes the "0g of sugar"claim, which is repeated and reinforced through on the back panel. Furthermore, that claim is repeated across every marketing channel, he alleged. On the company's own website and social media page, Liquid Death is marketed as having zero sugar and 0 grams of sugar, the consumer said.

"There is no such thing as '0g sugar' allulose; it does not exist," Williamson argued. "To peddle this contradiction terms, defendant deceives the public through misleading packaging statements and labels. This deception has earned defendant many millions of dollars, while doing substantial damage to a broad class of consumers across California and the country."

Williamson asserts several causes of action against Liquid Death, including violations of California's Unfair Competition Law and False Advertising Law, express warranty breach, quasi-contract and unjust enrichment.

He has brought his complaint on behalf of a proposed nationwide class of everyone in the U.S. who bought the Liquid Death sparkling energy drinks at issue over the past four years, as well as a subclass of consumers in California.

Williamson has asked the court to certify the classes, name him as class representative and his attorneys as class counsel, and to order Liquid Death to change its business practices and engage in affirmative advertising campaigns to eliminate the public misperception that was facilitated by its marketing. He also wants the company to pay damages, restitution, attorney fees, and costs.

Also on Tuesday, WK Kellogg was hit with a **similar proposed class action** by a customer alleging WK Kellogg falsely labeled its Special K cereals as having no added sugar, despite the presence of allulose syrup.

"Consumers are working harder than ever to make informed choices and are often willing to pay a premium for products they believe are better for them," Valter Malkhasyan of Malk & Pogo Law Group LLP, counsel for Williamson, told Law360 in a statement Tuesday. "When a product is prominently marketed as having '0g of sugar,' consumers should not have to wonder or investigate whether that claim tells the whole story. This case is about holding companies accountable when health-conscious consumers are induced to pay more based on labeling that is both false and misleading."

Representatives for Supplying Demand Inc., which does business as Liquid Death, did not return inquiries seeking comment Tuesday.

Williamson is represented by Valter Malkhasyan and Erik Pogosyan of Malk & Pogo Law Group LLP.

Counsel information for Liquid Death was not available Tuesday.

The case is James Williamson v. Supplying Demand Inc., case number 4:26-cv-08839, in the U.S. District Court for the Northern District of California.

--Editing by Lakshna Mehta.

# NJ Judge Sends Exxon Retail Voting Program Suit To Texas

law360.com/articles/2517619/nj-judge-sends-exxon-retail-voting-program-suit-to-texas

(August 25, 2026, 9:00 PM EDT) -- A New Jersey federal judge Tuesday transferred to Texas a police pension fund's proposed class action against Exxon Mobil Corp. over the oil giant's first-of-its-kind retail shareholdervoting program, finding the case does not have a strong enough connection to New Jersey.

U.S. District Judge Zahid N. Quraishi wrote in an **opinion** that the state was not a proper venue for the case, which the City of Hollywood Police Officers' Retirement System **brought in October**. The judge found that while Exxon was incorporated in New Jersey, the company's corporate headquarters is in Texas and none of the individual board member defendants named in the suit reside in New Jersey.

Christopher A. Seeger of Seeger Weiss LLP, counsel for the pension fund, said in a statement Wednesday that Exxon's retail voting program "is an unprecedented attempt to lock in permanent, automatic support from shareholders such as the City of Hollywood Police Officers' Retirement System for whatever the board recommends, turning what should be an annual check on management into what is essentially a rubber stamp.

"This case raises serious questions for anyone who cares about shareholder rights, and we will press forward in the Southern District of Texas to continue the fighting on behalf of our clients," Seeger said.

Counsel for the defendants didn't immediately respond to a request for comment.

The Florida pension fund has alleged in its suit that Exxon's retail voting program, which allows retail shareholders to automatically support the board's recommendations, is the energy giant's latest attempt to stifle shareholders whohavepushed to address environmental and climate issues or to elect new board members**.** The suit says the company is aiming to shrink the voices of shareholders opposed to board proposals.

Exxon **moved ahead** with the voting program in September 2025, after staff at the U.S. Securities and Exchange Commission granted a request for no-action relief the same day it was made, even though no such program has ever been put in place or openly considered by a publicly traded company, according to the pension fund's complaint.

Exxon has characterized the program as an attempt to preserve shareholder value and boost participation, saying it never hears from three-quarters of retail investors who hold almost 40% of its shares and rely upon its dividends. But the pension fund has argued the company's "desire to speak for retail shareholders in perpetuity instead of attempting to address retail shareholder apathy by stepping up good faith engagement speaks volumes."

In sending the proceeding to the Southern District of Texas, Judge Quraishi said Tuesday the facts underlying the pension fund's claims "substantially occurred in Spring, Texas, where ExxonMobil's corporate headquarters is located." That is also where the company's management team operates and where the personnel responsible for developing and implementing the program work, the judge said, adding that the pension fund did not allege that any "substantive acts" occurred in New Jersey.

"Plaintiff is a Florida entity with no apparent connection to New Jersey," Judge Quraishi said. "Plaintiff claims that some members of the putative class may be based in New Jersey — but it cannot state that for certain."

The court also denied as moot Exxon's motion to dismiss the case "without prejudice to defendants' right to renew it before the transferee court," and rejected the pension fund's motion to reconsider a December order denying its motion for expedited discovery. In making the latter determination, Judge Quraishi found the pension fund raised an argument that it could have presented earlier, among other things.

The pension fund is represented by Christopher A. Seeger and Caleb Seeley of Seeger Weiss LLP, Michael J. Barry, William G. Passannante II and Edward M. Lilly of Grant & Eisenhofer PA, and James E. Cecchi of Carella Byrne Cecchi Brody Agnello PC. Exxon and its board members are represented by Maureen T. Coghlan of Archer & Greiner PC and Andrew Ditchfield, Daniel J. Schwartz and Kevin E. Sette of Davis Polk & Wardwell LLP. The case is City of Hollywood Police Officers' Retirement System et al. v. Woods et al., case number 3:25-cv-16633, in the U.S. District Court for the District of New Jersey.

# Snap Pixel Suit Dropped Amid Calif. 'Judge-Shopping' Claims

law360.com/articles/2517647/snap-pixel-suit-dropped-amid-calif-judge-shopping-claims

(August 25, 2026, 10:11 PM EDT) -- A plaintiff suing Snap in the Central District of California over its alleged deployment of website tracking pixels has voluntarily ended his lawsuit, on the heels of the company accusing his counsel of engaging in "forum shopping" to avoid appearing before a judge who's advised against a broad reading of the state's wiretap law.

In a two-page notice lodged Monday, plaintiff Trevor Charles moved to voluntarily dismiss without prejudice the suit he filed in the Central District of California in May accusing Snap Inc. of violating the federal Electronic Communications Privacy Act and the common law tort of intrusion upon seclusion by amassing data from millions of users and nonusers through a tracking pixel that records the behaviors of visitors to scores of third-party websites that have installed the tracker.

The notice did not give a reason for the dismissal, saying only it was being done pursuant to a procedural rule that allows a plaintiff to drop a lawsuit voluntarily without a court order. Counsel for the plaintiff did not respond to a request for comment, and a representative for Snap declined to comment on the latest development.

However, the move came a week after Snap **on Aug. 17** urged the court to move the dispute to the Northern District of California, where Charles' counsel at Bursor & Fisher PA had earlier this year filed a "nearly identical" website tracking suit against Snap on behalf of another plaintiff, Daniel Yee.

Bursor & Fisher voluntarily dropped the Yee action in April, less than a month before filing Charles' complaint in California's Central District. Snap claims that this move came in response to the Yee suit being assigned to Northern District of California Judge Vince Chhabria, who in an **October opinion** in the unrelated online tracking case Doe v. Eating Recovery Center called California's Invasion of Privacy Act "a total mess" and urged courts to use a narrower interpretation when applying the 1967 wiretap law to modern technologies until the state Legislature could "step up" to resolve "CIPA's many ambiguities."

"The facts here support a strong inference that the Yee Action was dismissed and refiled as the present action to obtain a different judicial assignment and avoid Judge Chhabria," Snap argued in its motion, adding that "even if it was marginally more convenient to litigate in [the Central] District, such convenience factors are outweighed by the need to deter and prevent forum shopping."

Snap further claimed that this alleged "judge-shopping" conduct "is not unique to the present matter," with the company accusing Bursor & Fisher of filing "multiple class actions in the Northern District of California challenging the use of pixel-tracking technologies" since October, "only to voluntarily dismiss and refile similar actions elsewhere, with new named plaintiffs, after drawing Judge Chhabria."

The transfer motion specifically pointed to four pixel-tracking cases that Bursor & Fisher filed against Pinterest, Trove Brands LLC, Central Research Inc. and OpenAI Global LLC in the Northern District this year and subsequently moved to voluntarily dismiss after being assigned to Judge Chhabria. All of these actions have since been refiled by different plaintiffs and are currently pending either in a different California district or with a different judge in the Northern District, according to Snap.

The Snapchat owner added that, while litigating in the Central District of California would be "somewhat" more convenient for the Santa Monica-based company, it also maintains satellite offices in the Northern District and "is willing to waive any inconvenience in litigating in the Northern District to prevent the deliberate circumvention of the judicial assignment process at issue here."

Further, since plaintiff Charles is a resident of Connecticut, "litigating this matter in the Northern District would not be any less convenient for him compared to remaining in this District," Snap asserted.

In addition to pushing for a change of venue in the dispute that Snap argued "bears all the hallmarks of strategic forum selection designed to avoid Judge Chhabria," Snap filed a separate motion on the same day calling on the Central District in the alternative to dismiss the suit.

Snap claimed that Charles, who's not a Snapchat user but rather is broadly challenging the operation of the Snap Pixel that its advertising partners embed on their websites, has failed to establish the Article III standing necessary to proceed with his claims because he "never alleges what, if any, personal financial, health, religious, or otherwise sensitive information he disclosed to any website at any point in time, nor does he identify what sensitive information of his was actually collected by" Snap through its tracking pixel.

The company also slammed what it characterized as class counsel's latest "self-serving attempt at transforming routine online advertising technology into criminal wiretapping" under the federal wiretap statute known as the Electronic Communications Privacy Act, which contains both civil and criminal elements, "through generalized allegations about what those technologies supposedly could do, rather than what actually happened to their client."

"Plaintiff asks this Court to find that the use of ordinary advertising technologies on everyday websites amounts to criminal wiretapping and an egregious breach of social norms," Snap said. "But if Plaintiff's theory were correct, then virtually every website operator is a criminal, since the use of advertising technology is ubiquitous on modern-day websites."

Snap urged the Central District to either dismiss the suit for lack of standing or find that the claims under ECPA and for intrusion upon seclusion fall short. These alleged shortcomings include Charles' purported failures to allege a "highly offensive" privacy breach and to adequately assert that the information transmitted to Snap via the tracking pixel qualified as protectable "content" data, according to the company.

Charles is represented by Philip L. Fraietta, Kaili C. Lynn, Joshua R. Wilner and Max S. Roberts of Bursor & Fisher PA.

Snap is represented by Patrick Hammon and Andrew J. Wu of Pillsbury Winthrop Shaw Pittman LLP.

The case is Trevor Charles v. Snap Inc., case number 2:26-cv-04928, in the U.S. District Court for the Central District of California.

--Editing by Vaqas Asghar.

# Applebee's Franchisee Faces Slew Of Data Breach Suits

law360.com/articles/2517605/applebee-s-franchisee-faces-slew-of-data-breach-suits

(August 25, 2026, 10:53 PM EDT) -- The largest franchisee of Applebee's is facing at least eight proposed class actions over an April data breach that exposed the personal information, including health information, of tens of thousands of employees around the country, according to complaints filed in California and Ohio federal court.

The workers sued Flynn Group, which owns hundreds of Applebee's restaurants, and affiliate Apple American Group, which operates certain Flynn Group restaurants. Applebee's itself is not a party to any of the suits, the bulk of which were filed Monday.

The workers said in their suits that the cyberattack happened in early April and exposed "a litany of highly sensitive" personally identifiable information and protected health information, including Social Security numbers, financial account information, payment card information and driver's license numbers, among other things. The breach is the result of negligence on the part of Flynn and Apple American, the workers claimed.

In one suit, former Applebee's employee Aaron Ochoa said it is "unknown for precisely how long the cybercriminals had access to defendants' network before the breach was discovered."

"In other words, defendants had no effective means to prevent, detect, stop or mitigate breaches of their systems — thereby allowing cybercriminals unrestricted access to their employees' private information," Ochoa said.

Ochoa, a Washington state resident who worked for Applebee's from 2021 to 2023, said Flynn and Apple American failed to adequately train their employees on cybersecurity and failed to maintain reasonable security safeguards or protocols to protect the employee information.

Another former employee, Jesse Lema, said in her suit that Apple American had the resources to "take seriously the obligation to protect private information."

"However, defendant failed to invest the resources necessary," Lema said, adding that its actions are "unconscionable."

Lema worked as a server at a Massachusetts Applebee's location from 2016 until 2019.

"Defendant failed to implement practices and systems to mitigate against the risks posed by defendant's negligent (if not reckless) IT practices," she said. "As a result of these failures, plaintiff and class members face a litany of harms that accompany data breaches of this magnitude and severity."

According to the suits, San Francisco-based Flynn is the world's largest franchise operator, and the third-largest operator of restaurants in the United States. It owns more than 430 Applebee's restaurants. Meanwhile, Flynn affiliate Ohio-based Apple American operates Applebee's restaurants in 23 states.

The plaintiffs are each looking to represent nationwide classes of all persons whose information was compromised in the breach. Ochoa's suit estimated that class to encompass at least 10,500 past and present employees.

They're alleging negligence, breach of implied contract and unjust enrichment.

Another employee, California resident Lawrence Gates, said in his suit that the "sensitive nature of the data exposed through the data breach signifies that [he] and class members have suffered irreparable harm." He and other members of the putative class have lost the ability to control their private information and are at an increased risk of identity theft, he said.

"Defendants, despite having the financial wherewithal and personnel necessary to prevent the data breach, nevertheless failed to use reasonable security procedures and practices appropriate to the nature of the sensitive, unencrypted information they maintained," Gates said.

Flynn Group, Applebee's and counsel for the plaintiffs didn't immediately respond to requests for comment late Tuesday.

The plaintiffs are represented by Strauss Borrelli PLLC, Robinson Law Firm LLC, Israel David LLC, Shamis & Gentile PA, Milberg PLLC, Kopelowitz Ostrow PA, Markovits Stock & DeMarco LLC, Levi & Korsinsky LLP, Lynch Carpenter LLP, Cole & Van Note and Emery | Reddy PC.

Counsel information for Flynn Group and Apple American Group wasn't immediately available.

The cases are Aaron Ochoa v. Flynn Group LP et al., case number 3:26-cv-08798, Michael Rudolph v. Flynn Group LP et al., case number 3:26-cv-08830, and Tonisha Richardson v. Flynn Group LP et al., case number 3:26-cv-08847, in the U.S. District Court for the Northern District of California, and Jesse Lema v. Apple American Group LLC et al., case number 1:26-cv-02013, Shilo Daniels v. Apple American Group LLC et al., case number 1:26-cv-02023, Christopher MacKenzie v. Apple American Group LLC et al., case number 1:26-cv-02025, Lawrence Gates v. Apple American Group LLC et al., case number 1:26-cv-02024, and Kimberly Tindale v. Apple American Group LLC et al., case number 1:26-cv-02032, in the U.S. District Court for the Northern District of Ohio.

--Editing by Bruce Goldman.

# BREAKING: Shoals Wins $96M Patent Infringement Verdict Against Rival

law360.com/articles/2517436

(August 26, 2026, 2:07 PM EDT) -- A federal jury in North Carolina on Wednesday awarded a solar components company $96.38 million in damages after finding a rival supplier infringed its patents for an electrical connection system.

The nine-person jury in Winston-Salem, North Carolina, sided with Tennessee-based Shoals Technologies LLC on all claims related to two of its patents that protect an electrical circuit for transmitting solar energy. The jurors rejected defendant Voltage LLC's invalidity defenses, finding it liable for direct, induced and contributory infringement. Voltage's infringement was also deemed willful.

Shoals was awarded $70.33 million in lost profits and $26.05 million for price erosion, according to the **verdict**.

The decision punctuates a 10-day trial in which Shoals sought to prove Voltage had manufactured a copycat product and undercut Shoals' prices to poach customers in the solar industry for large-scale utility projects. The jury began deliberations Tuesday afternoon and returned a verdict just before noon Wednesday.

U.S. District Judge Michael F. Urbanski — a Virginia federal judge sitting by designation in North Carolina who oversaw the trial — granted Shoals' motion for a preliminary injunction pending final judgment after the verdict was announced, according to a docket order.

Shoals makes electrical systems that carry energy from solar panels to inverters, otherwise known as an electrical balance of system, or EBOS.

Inverters convert power generated by solar panels into usable electricity for the power grid. According to trial testimony, Shoals specializes in creating systems associated with that conversion process. Its primary customers are engineering, procurement and construction firms that build larger scale solar energy projects.

One of Shoals' products is the Big Lead Assembly system, or BLA, the jury heard. It includes what's known as a "molded trunk bus," or a cable system that uses molds to seal or crimp the joints.

The joints in the trunk bus are molded in a factory instead of having to be fastened by licensed electricians in the field, a Shoals executive **testified**, making for a safer and more reliable circuit.

Shoals' BLA system and the trunk bus in particular are protected by U.S. Patent Nos. 12,015,375; and 12,015,376, which formed the basis of Shoals' infringement case against Voltage and Chinese manufacturer Ningbo Voltage Smart Production Co.

Shoals is represented by William Belanger, Lawrence Cameron, Erin Harrigan, Dustin N. Ferzacca, Frank Liu, Gillian Schutt, Kimberly E. Coghill and Ryan Deck of Troutman Pepper Locke LLP.

Voltage and Ningbo are represented by Rachel Rodman, Yar R. Chaikovsky, Philip Ou, Gazal Homayouni and Radhesh Devendran of White & Case LLP and Robert Van Arnam of Williams Mullen.

The case is Shoals Technologies Group LLC v. Voltage LLC et al., case number 1:25-cv-00026, in the U.S. District Court for the Middle District of North Carolina.

--Additional reporting by Adam Lidgett, Elliot Weld and Jack McLoone. Editing by Nicole Bleier.