AI Data Center Spending to Reach $32 Trillion by 2050, PwC Says

Sept. 1, 2026, 9:00 PM PDT

Summary by Bloomberg AI AI Generated

- Global data center spending is set to reach $31.6 trillion through 2050 to meet the world's growing appetite for AI, according to PricewaterhouseCoopers LLP.
- Spending on data centers could hit $50 trillion over the next two and a half decades if AI adoption accelerates beyond PwC's "central scenario" forecast.
- The US will capture nearly half the projected data center spending, at $15.1 trillion, with the Asia-Pacific region, Europe, the Middle East, and Africa following, according to PwC's inaugural Global Data Center Outlook.

Global data center spending is set to reach $31.6 trillion through 2050 to meet the world's growing appetite for AI, an investment boom with no precedent in history, according to PricewaterhouseCoopers LLP .

Dwarfing projects such as the railways, internet and electrification, spending on data centers could even hit $50 trillion over the next two and a half decades if AI adoption accelerates beyond PwC's "central scenario" forecast, the firm said in a report Wednesday. For comparison: the US gross domestic product is roughly $30 trillion.

With consumers, companies and governments increasingly using AI, tech giants like Microsoft Corp. and Amazon.com Inc. and smaller data center providers are setting up new computing facilities across the planet at a rapid clip. The bulk of the spending will go into what fills the data centers – hardware from companies such as global AI chip leader Nvidia Corp.

At the same time, the tech industry is trying to blunt a backlash against data centers that threatens to slow down the buildout. At least 75 projects, worth about $130 billion combined, were blocked or delayed by local opposition during the first three months of this year, according to research group Data Center Watch. Protesters cite concerns about environmental impact, resource consumption and more broadly how AI could upend employment and society.

For more: Tech Deploys Charm Offensive to Combat AI Data Center Backlash

The US will capture nearly half the projected data center spending, at $15.1 trillion, PwC said. The Asia-Pacific region will follow at $8.2 trillion, Europe at $5.6 trillion, the Middle East at $1.1 trillion and Africa at $255 billion of the cumulative capital expenditure, according to PwC's inaugural Global Data Center Outlook.

Spending will keep rising through mid-century as graphics processing units, servers, storage systems, networking equipment and other hardware will require routine replacement. Recurring chip upgrades — the computational power — and not land or construction, will account for most of the investment, quite unlike traditional capex cycles like prior generations of memory chip production or the global fiber internet rollout, which "front loaded" investments, taking on costs and risks upfront.

"Railways. Electrification. The internet. Each required enormous amounts of capital and defined an era," the researchers said in the report. "The AI infrastructure cycle underway dwarfs all three. This one resets every four to six years — and shows no signs of ending."

On an annual basis, global data center spending will increase from about $800 billion this year to $1.1 trillion in 2030 and $1.8 trillion in 2050, PwC predicted. China and India will drive the largest share of incremental demand, supported by large populations, rapidly expanding digital economies, and substantial headroom for AI to embed in business and consumer activity.

PwC commissioned Oxford Economics Ltd. to model data center capital expenditure, with the report covering 46 countries and territories, and five regions, which account for the bulk of global economic activity and digital infrastructure investment.

While global demand is strong, factors such as power availability, data sovereignty requirements and the flow of semiconductors will determine which regions capture the investments, PwC said. Power will be the foremost factor that shapes where AI infrastructure investment occurs.

Indeed, much of the forecast hinges on how fast reliable electricity supply for data centers can be established, according to the report. Affordable, reliable, and increasingly low-carbon electricity at scale is the hardest requirement for many markets to meet.

And while the researchers' projection assumes a fairly open trading system where chips move freely across borders, disruptions in semiconductor supply chains could cut global investment by nearly 20%, they said. Meanwhile, a growing sovereignty push could redistribute, but not reduce, global investment.

"The $31.6 trillion question isn't whether the capital exists. It does," the researchers said. "Nor is the question whether the demand is real. It is. The question is which regions, operators, and institutions are positioned to capture it and which aren't."

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Amazon Taps All-Star Legal Lineup to Fight FTC Advertising Suit

Sept. 1, 2026, 1:25 PM PDT

Summary by Bloomberg AI

AI Generated

- Prominent attorneys Karen Dunn, Jeannie Rhee and William Savitt are among the legal team representing Amazon.com Inc in a Federal Trade Commission suit alleging the corporate giant has overcharged advertisers.
- The lawsuit alleges that Amazon has systematically overcharged about 1.2 million advertising customers since 2019 by "manipulating the 'auctions' that it uses to set the price of ads on its platform."
- Amazon called the FTC action a "misguided lawsuit" and said the agency's complaint cited no evidence of price increases for consumers.

Prominent attorneys Karen Dunn, Jeannie Rhee and William Savitt are among the legal team representing Amazon.com Inc. in a Federal Trade Commission suit alleging the corporate giant has overcharged advertisers.

Court documents filed in federal court Monday show the trio, along with a string of other attorneys, as representing Amazon. Savitt, who has gained attention for taking on Elon Musk in court, recently left Wachtell Lipton for rival Gibson Dunn, while Dunn and Rhee are prominent ex-Paul Weiss attorneysand among those who last year started the boutique firm Dunn Isaacson Rhee.

Court documents also show Gibson Dunn partners Natalie Hausknecht and Gustav Eyler are representing Amazon, along with John Goldmark, a partner at Davis Wright Tremaine. Gibson Dunn has done both corporate and litigation work for Amazon for years.

The lawsuit, filed Monday in the US District Court for the Western District of Washington, alleges that Amazon has systematically overcharged about 1.2 million advertising customers since 2019 by "manipulating the 'auctions' that it uses to set the price of ads on its platform." It said Amazon's actions "likely illegally" have taken more than $20 billion from its advertising customers.

More than 20 states including New York and California joined the FTC in bringing the lawsuit against the company.

“Amazon represents, and advertisers believe, that competitive auctions set the prices for advertising on its leading e-commerce website. But, in reality, Amazon overrides and replaces the actual auction results with higher prices set by Amazon to increase its profits,” according to the lawsuit. The suit also said that the e-commerce giant had secretly inflated the auction prices for “Sponsored Products, Sponsored Brands and Sponsored Display,” which are three of the company’s advertising products.

Amazon, in a response posted online, called the FTC action a “misguided lawsuit” and said the agency’s complaint cited no evidence of price increases for consumers.

The case is FTC v. Amazon , W.D. Wash., 2:26-cv-03097, 8/31/26

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California Attorney AI Guardrail Bill Advances to Newsom's Desk

Sept. 1, 2026, 11:04 AM PDT

California lawmakers have passed a first-in-the-nation piece of legislation establishing ethical requirements for attorneys and arbitrators using generative artificial intelligence, sending the bill to Gov. Gavin Newsom (D) for his signature.

Senate Bill 574, introduced by state Sen. Thomas Umberg (D), passed both chambers of the state legislature unanimously before the Aug. 31 session deadline, according to an Umberg spokesperson. Newsom must now decide whether to sign or veto the measure.

The bill codifies guidance from the California Judicial Council on AI use in legal proceedings. Attorneys would be required to verify the accuracy of all AI-generated content, correct any errors or hallucinations, and disclose AI use to the court in all submitted documents. Arbitrators would be prohibited from delegating any part of their decision-making to AI.

The bill also directs the California State Bar to establish a certification program for alternative dispute resolution firms, mediators, and arbitrators. The program would require certified practitioners to adhere to established ethical standards and subject them to independent complaint procedures administered by the Bar.

The bill received bipartisan support and drew backing from the Assembly's judiciary and privacy and consumer protection committees during its passage through the legislature.

Newsom has until Sept. 30 to sign the proposed legislation into law.

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Bloomberg Law

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Hims & Hers Misled Investors Before FTC Pounced, Lawsuit Says
Sept. 2, 2026, 11:36 AM PDT

Hims & Hers Health Inc. failed to alert investors of consumer-related business practices that would later get the wellness company in hot water with the government, a proposed class action alleges.

News that the Federal Trade Commission, Utah, and Los Angeles County sued Hims trimmed the company's stock price by 15% in late July, Hemalatha Velanki says in a complaint filed Tuesday in the US District Court for the Northern District of California.

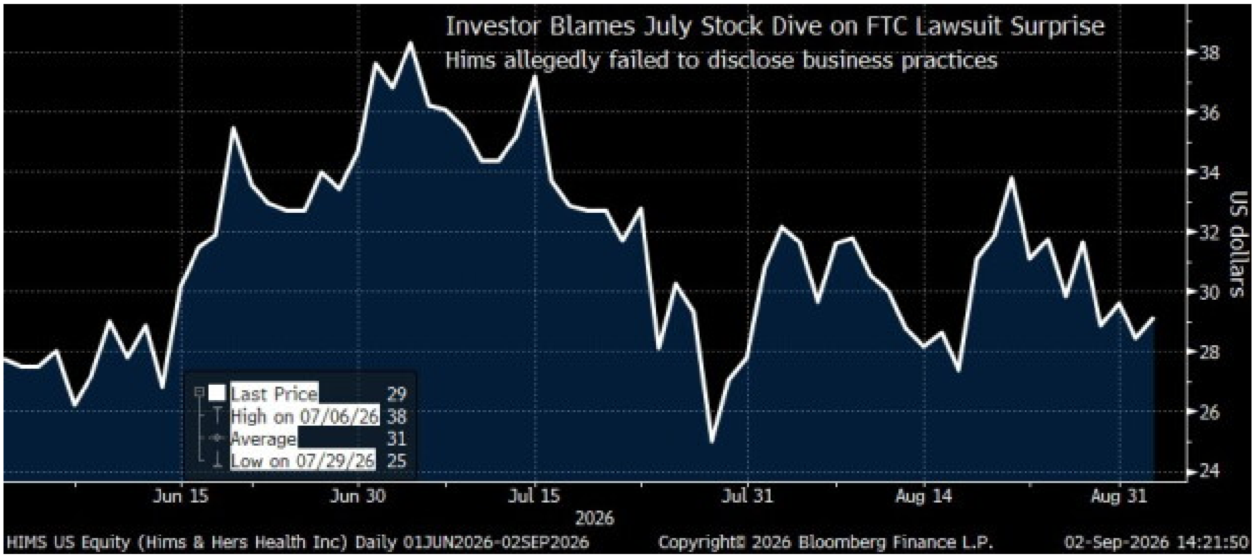
The underlying consumer protection lawsuit, filed July 29, alleged the online prescription medication and over-the counter product provider shared users' private health information with Meta Platforms Inc. and Snap Inc. without their knowledge, failed to disclose that they were purchasing a subscription, and made it too difficult to cancel subscriptions.

Hims disputes the government claims, saying at the time in a post on X that that the suit "disregards substantial evidence we provided the FTC during its nearly three-year investigation" and isn't legally sound.

Hims reiterated that statement by email Wednesday, and said of the new securities fraud suit, "We will vigorously defend ourselves against these follow-on claims, which rely on the same flawed allegations advanced in the government's lawsuit."

Velanki alleges that beginning on Aug. 4, 2025, Hims filed quarterly reports with the FTC that misleadingly mentioned compliance risks in a way that made them seem hypothetical. The complaint, however, quotes two of those reports, in February and May 2026, that discuss the FTC's investigation.

Hims' share price dropped 15% to close at $25 on July 29 in the wake of the government suit's filing.



The proposed class of investors who acquired Hims stock from Aug. 4, 2025, through July 29, 2026, numbers in at least the hundreds or thousands, the complaint estimates.

Velanki seeks damages on claims of securities fraud.

Glancy Prongay Wolke & Rotter LLP and Howard Smith, who practices in Bensalem, Pa., represent Velanki.

The case is Velanki v. Hims & Hers Health, Inc. , N.D. Cal., No. 5:26-cv-09313, complaint 9/1/26 .

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HSF Kramer, Partners Hit in Ex-Client's $1B Malpractice Suit (1)
Sept. 1, 2026, 4:00 AM PDT; Updated: Sept. 1, 2026, 6:13 AM PDT

Summary by Bloomberg AI AI Generated

- Investment firm White Oak Global Advisors accused Herbert Smith Freehills Kramer lawyers of improperly aiding the CEO of one of its companies and seeks $1 billion in damages.
- Four law firm partners allegedly conspired with Isaac Soleimani, CEO of White Oak Healthcare, to seize control of the healthcare lending company.
- HSF Kramer denied the allegations, stating that the claims against the firm and its lawyers are without merit and that members of the firm acted appropriately.

Investment firm White Oak Global Advisors accused Herbert Smith Freehills Kramer lawyers of improperly aiding the CEO of one of its companies and seeks $1 billion in damages.

Four law firm partners secretly worked to advance the interests of the leader of a White Oak-backed healthcare lending company over White Oak itself, according to a complaint filed Tuesday in the Supreme Court of the State of New York.

The four partners worked at Kramer Levin when they allegedly conspired with Isaac Soleimani, CEO of White Oak Healthcare, to seize control of the healthcare lending company. Kramer Levin became HSF Kramer when it merged with UK-based Herbert Smith Freehills last year.

The Tuesday complaint expands upon a lawsuit White Oak filed on Jan. 31. That suit accused former King & Spalding partner Terry Novetsky of conspiring with Soleimani to take over the company from White Oak. Novetsky transferred the business relationship with White Oak to Kramer Levin when he joined that firm as a partner at the end of 2022.

Tuesday's complaint names three other HSF Kramer partners who allegedly worked with Novetsky on the White Oak engagement—Robert Holtzman, Jonathan Wagner, and Yasho Lahiri. It outlines new details as part of the financial firm's efforts to recoup $1 billion in damages from attorneys it says were disloyal in advising its healthcare lending venture, White Oak Healthcare.

"It is difficult to imagine a more glaring breach of a law firm's duty of undivided loyalty than the outrageous scheme perpetrated by King & Spalding and HSF Kramer against their own clients," the complaint alleges.

In a statement, HSF Kramer denied the allegations. "The claims against our firm and its lawyers are without merit," the firm said. "Members of the firm acted appropriately, and we expect to prevail in court."

King & Spalding, in court filings responding to the allegations, said most of the alleged bad behavior took place after the firm's relationship with White Oak ended.

The complaint alleges the Kramer Levin lawyers contacted White Oak Healthcare investors to gather support for Soleimani's takeover and harm the reputation of White Oak Global Advisors. The "loud and clumsy" machinations described in the complaint betray the partners' duty of loyalty to White Oak, argues its lawyer Marc Kasowitz.

The alleged scheme included bad-mouthing White Oak to investors and privately advising Soleimani in a compensation dispute, which led to arbitration between the healthcare venture and its own executives.

In 2023, when Soleimani notified a White Oak committee about the executives' arbitration plans, he and Kramer Levin lawyers allegedly manipulated emails to make them appear to show Soleimani attempting to dissuade the executive team at the healthcare venture from initiating arbitration, according to the complaint.

White Oak terminated Soleimani's employment in September of 2023 due to his alleged breaches of fiduciary duty, according to the complaint.

(Adds HSF Kramer response in seventh paragraph.)

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Mealey's Litigation Procedure - Class Certification, Sanction Motions Denied In 14-Year- Long Case Against Google

Mealey's Daily News Update

September 1, 2026

Cite: 2026-10004 Mealey's Daily News Update 11

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Body

A Delaware federal judge refused to grant class certification and denied competing spoliation motions filed by Google LLC and individuals who sued the company for purported privacy violations in a long-running class action, ruling that the individuals did not establish a basis for identifying affected web users, certifying a damages class or obtaining prospective relief (In Re: Google Inc. Cookie Placement Consumer Privacy Litigation, No. 12-md-2358, D. Del.).

(Memorandum opinion available 97-260925-008Z)

Writing that "[s]ometimes the hardest part of a class action lawsuit is not deciding who wins. It is deciding who belongs in the class in the first place," U.S. Judge Joshua D. Wolson of the District of Delaware issued the memorandum opinion on Aug. 27, holding that the plaintiffs failed to show Google's discarded encryption keys would have enabled identification of affected users and that the plaintiffs could not establish ascertainability or predominance for a damages class.

The judge further determined that the plaintiffs had not demonstrated a threat of future injury sufficient to support relief.

Cookie Deployment

Eight class complaints consolidated against Google in 2012 alleged that its DoubleClick advertising service surreptitiously bypassed cookie-blocking settings on Apple Safari and Microsoft Internet Explorer (IE) browsers, enabling Google to intercept users' internet communications and activity in violation of the Electronic Communications Privacy Act, *18 U.S.C. 2510 et seq.*, the Stored Communications Act, *18 U.S.C. 2701 et seq.*, the Computer Fraud and Abuse Act, *18 U.S.C. 1030*, common-law privacy protections and various California laws.

Although the District Court dismissed the claims in 2013, the Third Circuit U.S. Court of Appeals in 2015 mostly affirmed but revived California and common-law privacy claims, finding that Google acted with "deceit and disregard" and "intru[ded] upon reasonable expectations of privacy" by overriding cookie blockers while representing that users could refuse cookies. On remand, the plaintiffs filed an amended complaint in June 2016 realleging all claims.

In August 2016, Judge Sue L. Robinson granted preliminary approval to a proposed class action settlement of $ 5.5 million to be paid to cy pres recipients devoted "to the security and/or privacy of Internet browsers." Google said the collected cookies were expired or deleted.

In February 2017, Judge Robinson granted final settlement approval and certified a class of all U.S. residents who used Safari or IE and visited websites from which cookies were deployed by DoubleClick, circumventing their browsers' privacy settings. Judge Robinson deemed the $ 5.5 million settlement amount appropriate.

Objector Theodore H. Frank appealed to the Third Circuit, arguing against the cy pres-only nature of the settlement. He also took issue with some cy pres recipients, citing their relationships with Google and its counsel.

Cursory And Perfunctory

In August 2019, the Third Circuit vacated approval of the cy pres-only settlement as "cursory" and "insufficient," remanding for further analysis of the settlement's fairness, including the broad damages release, adequacy of notice under Federal Rule of Civil Procedure 23(b)(2), Fed. R. Civ. P. 23(b)(2), and appropriateness of the cy pres recipients, after which the case was reassigned to Judge Eduardo C. Robreno.

In January 2020, the three remaining plaintiffs sought preliminary approval of a revised $ 5.5 million cy pres settlement that authorized a court-appointed neutral party select up to 10 eligible recipients, required recipients to use the funds for specified purposes, obligated Google to implement technological measures addressing improperly placed cookies and allowed up to $ 500,000 for settlement administration.

The plaintiffs also sought certification under Fed. R. Civ. P. 23(b)(2) and Fed. R. Civ. P. 23(b)(3) and defended the continued use of targeted electronic notice. On Oct. 15, 2021, Judge Robreno granted preliminary approval, finding Fed. R. Civ. P. 23 satisfied, reapproving the settlement class and unchanged notice method and form and establishing new deadlines for redistribution and opt-outs.

Meaningful Relief

Two class members filed objections to the settlement. Dmitrii Mudrechenko took issue with the fact that class members will not receive any of the $ 5.5 million settlement fund. Frank again objected, voicing his belief that class members could make claims from the settlement fund.

The plaintiffs moved for final approval, arguing that the cy pres-only settlement confers substantial benefits on class members that are superior to continuing to pursue litigation with an uncertain outcome.

On Sept. 8, 2022, Google argued that cy pres distribution remained appropriate because individual class members could not feasibly be identified or compensated, the Third Circuit had not rejected the cy pres structure itself and the remaining California privacy claim was unlikely to succeed because plaintiffs would have had to prove personal reliance, a reasonable expectation of no cookie placement, highly offensive conduct and intentional tracking.

On July 10, 2023, Judge Robreno reversed the District Court's preliminary settlement approval, finding that the ascertainability requirement had been satisfied, and denied final settlement approval.

After the plaintiffs appealed, the Third Circuit found the District Court's order nonfinal and not otherwise appealable. The District Court granted the plaintiffs' voluntary dismissal on Aug. 10, 2023, and, following reassignment to Judge Joshua D. Wolson 14 days later, the plaintiffs sought certification for interlocutory appeal on Oct. 13, which Frank opposed five days later.

In Re Sensipar

On Nov. 9, 2023, Judge Wolson stayed the District Court case, noting that there is a "substantial dispute" regarding whether *28 U.S. Code Section 1292(b)*, *28 U.S.C. 1292(b)*, authorizes him to certify Judge Robreno's July 10, 2023, order for interlocutory appeal.

"This specific question is on appeal in the Third Circuit. See In re Sensipar Cinacalcet Hydrochloride Tablets, No. 23-2213 (3rd Cir.). I will be bound by whatever the ultimate resolution of that appeal is," Judge Wolson said.

On June 11, 2024, the plaintiffs filed a statement indicating that the Third Circuit in In re Sensipar on May 23 granted motions by the appellants to dismiss the appeal as to all remaining claims.

"As the Third Circuit has now closed the In re Sensipar interlocutory appeal without deciding the issue of whether *28 U.S.C. 1292(b)* authorizes a subsequently-assigned district court judge to certify for interlocutory appeal an order entered by the previously-assigned district court judge, Plaintiffs respectfully request that the Court grant Plaintiffs' motion for certification of interlocutory appeal . . . of the Court's July 10, 2023 Order denying final approval of a class settlement," the plaintiffs said.

On July 18, 2024, Judge Wolson issued an opinion and order lifting the stay and denying the plaintiffs' request.

"Section 1292(b) doesn't give me the power to authorize an interlocutory appeal because I didn't issue the order at issue. Although Plaintiffs claim that that's an absurd interpretation, I disagree. Instead, it's just a result that they don't like, and that's the way the cookie crumbles. But I recognize there's room for substantial disagreement, so I'll certify this decision for interlocutory appeal," the judge said.

Sanctions Sought

After the stay was lifted, the plaintiffs on Oct. 3, 2024, filed a second amended consolidated class complaint, in which they added Mitchel Balmayne as a named plaintiff, removed Nicholas Todd Heinrich and Lynne Krause as named plaintiffs and retained the same factual allegations, class definition, causes of action and requests for relief.

The parties jointly filed a motion for a protective order, requesting the court to approve confidentiality protections governing discovery materials containing sensitive, proprietary or private information. Judge Wolson granted the motion and entered the protective order.

Following discovery concerning the named plaintiffs' devices, Google moved on Jan. 16, 2026, for sanctions under Federal Rule of Civil Procedure 37(e), Fed. R. Civ. P. 37(e), arguing that named plaintiffs Jose Bermudez and Balmayne failed to preserve browser software, settings, cookies and browsing history from 2011 and 2012 that Google says are necessary to determine whether they were affected by the challenged cookie-placement mechanism.

Google asked the court to bar the plaintiffs from arguing that they used a susceptible Safari version with default cookie-blocking settings and received a DoubleClick cookie through the allegedly improper method, contending that the lost evidence prejudiced its ability to contest standing and class membership.

The same day, the plaintiffs moved for sanctions under Fed. R. Civ. P. 37(e), arguing that Google failed to preserve encryption keys needed to decrypt cookie data that allegedly contained encrypted GAIA identifiers and could have been matched with Biscotti/DoubleClick identifiers to identify affected class members.

The plaintiffs contended that Google's destruction of those keys, despite a preservation duty they say arose in 2012, made the data permanently unusable and likely prevented them from satisfying the ascertainability requirement under Fed. R. Civ. P. 23(b)(3), and asked the court to impose sanctions that would prevent Google from relying on the resulting evidentiary gap to defeat class certification.

All Members Subjected

The plaintiffs also filed a motion for class certification on Jan. 16, seeking certification of a class under Fed. R. Civ. P. 23(b)(2) comprising "All persons in the United States who used the Apple Safari web browser, who visited a website from which Google's doubleclick.net cookies were deployed, and whose default Safari browser settings were enabled from June 1, 2011 through February 15, 2012" and a California damages class under Fed. R. Civ. P. 23(b)(3).

The plaintiffs asserted that certification was warranted because Google subjected all class members to the same Safari cookie-circumvention practice, creating common privacy claims suitable for classwide resolution, and because any ascertainability problem for the class under Fed. R. Civ. P. 23(b)(3) resulted from Google's destruction of evidence.

Sanctions Denied

On Aug. 27, Judge Wolson held in his memorandum opinion that the plaintiffs had not shown Google's destruction of encryption keys constituted spoliation under Federal Rule of Civil Procedure 37(e), Fed. R. Civ. P. 37(e), saying they failed to establish that the keys fell within Google's preservation duty in 2012 or that preserving them would have yielded a reliable method of identifying class members.

Judge Wolson also rejected the plaintiffs' request for an evidentiary sanction effectively deeming ascertainability satisfied, reasoning that ascertainability is an independent requirement under Fed. R. Civ. P. 23(b)(3) and that Federal Rule of Civil Procedure 37, Fed. R. Civ. P. 37, cannot substitute for proof of a reliable and feasible method of determining class membership, citing *Byrd v. Aaron's Inc., 784 F.3d 154 (3d Cir. 2015)*.

The judge denied Google's sanctions motion concerning the plaintiffs' failure to preserve historical browser data, concluding that although the missing evidence could have helped Google test their claims, Fed. R. Civ. P. 37(e)(1) does not permit a court to presume what that evidence would have shown and resolve disputed issues concerning browser settings, Safari versions, class membership or standing in Google's favor.

Another Certification Denied

Turning to certification, Judge Wolson wrote that the plaintiffs satisfied numerosity, commonality, typicality and adequacy requirements under Fed. R. Civ. P. 23(a), determining that whether Google used a common mechanism to circumvent Safari's default cookie-blocking settings presented a question common to the proposed classes.

However, he held that the proposed damages class under Fed. R. Civ. P. 23(b)(3) was not ascertainable because the plaintiffs lacked a reliable means of distinguishing Safari users who received cookies through the challenged workaround from those who received them through other undisputed mechanisms, and their proposed use of affidavits, GAIA information and Apple device records did not cure that deficiency under *Marcus v. BMW of North America, Inc., 687 F.3d 583 (3d Cir. 2012)*.

The same evidentiary issue precluded predominance and superiority findings under Fed. R. Civ. P. 23(b)(3) because liability would require individualized determinations of whether each putative class member actually received a cookie through the alleged workaround rather than through another means, the judge said.

Judge Wolson also denied certification of the nationwide injunctive class, finding that the alleged conduct ended more than a decade ago, the plaintiffs had not shown a "'real and immediate'" threat that Google would resume it and that their proposed injunction amounted largely to an impermissible directive that Google comply with privacy law, referencing *McNair v. Synapse Grp. Inc., 672 F.3d 213 (3d Cir. 2012)*.

Counsel

The plaintiffs are represented by Brian R. Strange of Strange LLP in Los Angeles, James P. Frickleton of Bartimus, Frickleton and Robertson PC in Leawood, Kan., and Stephen G. Grygiel of Grygiel Law LLC in Clinton, N.Y.

Google is represented by Anthony J. Weibell of Mayer Brown in Palo Alto, Calif.

(Additional documents available: Plaintiffs' motion for class certification 97-260925-009M

Plaintiffs' motion for sanctions 97-260925-010M

Nvidia Is Said to Near $14 Billion Hugging Face Deal This Week

Sept. 1, 2026, 5:15 PM PDT

Nvidia Corp. is in advanced talks to acquire artificial intelligence startup Hugging Face in a transaction that may total about $14 billion, according to people familiar with the matter.

An agreement by Nvidia to acquire Hugging Face for $12.9 billion may be reached as soon as this week, said one of the people, who asked not to be identified because the details are private. The deal may include a $1 billion retention package for Hugging Face employees, the person said.

A final agreement hasn't been reached and the timing or details could still change, the people said. Representatives for Nvidia and Hugging Face declined to comment.

Buying Hugging Face would be the biggest move yet in Chief Executive Officer **Jensen Huang**'s push to broaden the uptake of artificial intelligence and extend his customer list. The deal would give Nvidia control of one of the key platforms where developers showcase and share AI models.

Huang is committed to helping foster so-called open source models to avoid the technology of a few large companies — ones that currently provide him with the biggest chunk of his revenue but who are also all forging ahead with their own chip projects — coming to dominate AI.

Nvidia is already a backer of Hugging Face, alongside Alphabet Inc.'s Google, Amazon.com Inc., Intel Corp. and Salesforce Inc., among others.

Founded in 2016, Hugging Face operates a platform for sharing AI models that can be used freely by others. The startup was valued at $4.5 billion in a funding round three years ago. Nvidia's talks with the company were reported earlier by Business Insider.

Read More: AI Startup Hugging Face Valued at $4.5 Billion After Funding

Hugging Face, which makes AI software and hosts it for other companies, was at the center of a cybersecurity incident in which a model being tested by OpenAI inadvertently hacked the platform. The breach raised alarms about the safety of cutting-edge AI technology.

OpenAI has said it could have reacted sooner to prevent the attack on Hugging Face's systems.

Nvidia has struck several deals in the past year, including a $6 billion licensing agreement in August with startup Poolside that included extending job offers to many of that company's employees. Nvidia also paid about $20 billion for most of the chip startup Groq.

Nvidia, the world's most valuable company, is the leading maker of AI accelerators, the chips that help train and operate models. It has gradually added a variety of other technologies, including software, with the goal of expanding the AI economy.

The Santa Clara, California-based company gave a surprisingly strong sales forecast for fiscal 2028 last week, saying revenue would grow about 70%.

Read More: Nvidia Predicts AI-Fueled Sales Surge Will Extend Into 2028

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Bloomberg Law

Manage Newsletters

Pension Funds Say Government Insurer Botched Bailout Program

Sept. 2, 2026, 9:01 AM PDT

Summary by Bloomberg AI AI Generated

- Nearly two dozen multiemployer pension funds sued PBGC, accusing it of improperly stymieing their attempts to seek financial assistance under a Covid-era government program.
- The PBGC has slow-walked pension plans' applications for bailout money under the American Rescue Plan Act of 2021, leaving them on an indefinite waitlist despite congressional directives to process applications within 120 days.
- The lawsuit accuses the PBGC of blocking terminated plans from seeking assistance and asks the court to vacate the PBGC's "unlawful waitlist scheme" and order the agency to immediately allow them to complete their applications for financial assistance.

Nearly two dozen multiemployer pension funds banded together Wednesday to sue PBGC, the federal government's pension insurer, accusing it of improperly stymieing their attempts to seek financial assistance under a Covid-era government program.

The Pension Benefit Guaranty Corporation has slow-walked pension plans' applications for bailout money under the American Rescue Plan Act of 2021, leaving them to languish on an indefinite waitlist despite congressional directives to process applications within 120 days, the funds said in a lawsuit filed in the US District Court for the District of Columbia.

About 67 plans are currently on this waitlist, with an average time on the list of nearly 350 days and "no indication" from the PBGC about whether they'll ever be allowed to "fully apply," according to the lawsuit.

The agency also treated terminated pension plans as ineligible under the program, despite a federal appeals court rejecting this position as "contrary to law," the funds said.

Last year, the US Court of Appeals for the Second Circuit allowed the trustees of a bakery drivers union pension fund to reinstate their application for a $130 million bailout under the rescue plan, a law authorizing the PBGC to use taxpayer dollars to rescue the most severely underfunded pension plans brokered between labor unions and employer groups. The guaranty corporation denied the request because the fund was terminated in 2016, but the Second Circuit rejected this reasoning, saying the program doesn't explicitly exclude plans terminated by mass withdrawals.

The PBGC appealed to the US Supreme Court, which in May declined to hear the dispute.

The new lawsuit, led by the trustees of a sports arena workers' pension fund, accuses the guaranty corporation of doubling down after these events and blocking terminated plans outside the Second Circuit from seeking assistance.

"That is a brazen attempt to avoid judicial review of an issue on which the PBGC has litigated and lost, and a ploy to run out the clock," the funds said in their complaint. They asked the court to vacate the PBGC's "unlawful waitlist scheme" and order the agency to immediately allow them to complete their applications for financial assistance.

The corporation didn't immediately comment on the lawsuit.

Groom Law Group represents the pension funds.

The case is Bd. of Trs., Sports Arena Emps.' Local No. 137 Ret. Plan v. Pension Benefit Guar. Corp. , D.D.C., No. 1:26-cv-03073, complaint 9/2/26 .

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PG&E to Defer Investment After California Shelves Fire Bill (3)

Sept. 2, 2026, 8:10 AM PDT

Summary by Bloomberg AI

AI Generated

- PG&E Corp. plans to defer about $2 billion of investments next year as part of a strategic review of its businesses.
- The move comes after a proposed revamp of California's wildfire response didn't do enough to protect the company and its peers from the cost of such disasters.
- PG&E will still invest around $11.4 billion in California next year, and the $2 billion cost deferral will reduce its debt financing needs.

PG&E Corp. plans to defer about $2 billion of investments next year as part of a strategic review of its businesses, a move that comes after it said a proposed revamp of California's wildfire response didn't do enough to protect the company and its peers from the cost of such disasters.

The gas and power utility announced its plan on Wednesday, a day after the California Assembly adjourned without passing the wildfire legislation. Governor Gavin Newsom had pushed for measures that would shift liabilities related to the blazes away from publicly traded utilities, but he failed to win consensus among lawmakers on some key measures that investors had been closely watching.

"We have to take action to protect our customers, to prepare for the future and design PG&E to serve California in such a way that it's not hampered by the sub-investment grade credit ratings that we currently have because of our exposure to this wildfire framework," PG&E Chief Executive Officer **Patti Poppe** said in an interview.

PG&E shares dropped 8.2% in Wednesday's New York trading session. Shares of Edison International slumped 6.7% and shares of Sempra also fell 0.4%.

The legislation has spurred sharp swings in the share prices of California's biggest investor-owned utilities this week. PG&E and Edison International plunged 20% or more on Monday due to the bill, introduced Saturday, lacking all the provisions that Newsom and the utilities had wanted. They closed up at least 6% on Tuesday after it became clear it would not be voted on.

California utility executives have long warned shareholders that legislative inaction on wildfire reform could result in credit-rating downgrades and higher borrowing costs that would ultimately be passed onto customers. The utilities had hoped the bill would not omit several provisions , including a prohibition on insurers suing power firms that have caused wildfires as a way to recoup payments to policyholders.

PG&E hasn't finalized the specific projects that will be deferred, Poppe said. But it will reconsider timelines to connect new generation resources, new large-load customers including data centers and new home construction projects, among other things, she said.

Read More: California Lawmakers File Wildfire Plan, Without Newsom Asks

The utility is still committed to bringing online the first 1.8 gigawatts of announced data center projects, but the announcement "certainly slows the pipeline," Poppe said.

PG&E will still invest around $11.4 billion in California next year, she said. The $2 billion cost deferral will reduce its debt financing needs, which she said will help prevent an impact on customer rates.

"The affordability drum beat has been loud and persistent, and we need to answer that call," Poppe said on a call with investors Wednesday morning.

PG&E safety and compliance programs, including its wildfire mitigation plan and safety certification requirements, will not change, according to the company's investor call presentation. In the Wednesday release, the company stated it is initiating full-year non-GAAP core earnings guidance for 2027 within the range of $1.78 to $1.82 per share. It will re-evaluate long-term non-GAAP core earnings per share growth rate, rate base outlook, and capital investment for 2028-2030 "pursuant to the Strategic Review."

The strategic review will be guided by a committee composed of four independent directors, who will evaluate how the company can best be organized and financed to serve its customers, PG&E said in a statement released Wednesday.

The utility reaffirmed its full-year 2026 earnings guidance, although it plans to reevaluate its long-term earnings per share growth rate alongside its 2028 to 2030 capital investment and rate base outlooks.

PG&E is "keeping multiple paths open to narrow its wildfire discount," Bloomberg Intelligence analyst Nikki Hsu wrote in a note on Wednesday. "If reform fails, restructuring could provide a second path to value."

Mizuho analyst Anthony Crowdell , who on Monday had downgraded PG&E to neutral from positive, said questions linger for investors about California utilities' liability without major wildfire reform. "If there's any complaints investors have, it's that the management teams are still committed to investing in the grid there and delivering," he said.

"When you see the share price today, some investors may believe she could have been more aggressive in cutting capex," he added, referring to PG&E's CEO.

(Updates share prices and adds analyst commentary from the fourth paragraph.)

Google escapes ad tech breakup in third Big Tech antitrust loss for US

reuters.com/legal/litigation/google-defeats-us-bid-force-ad-tech-sale-2026-09-02

Sept 2 (Reuters) - Alphabet's (GOOGL.O), opens new tab Google escaped a breakup of its advertising technology business on Wednesday, marking the third time in recent years that U.S. antitrust enforcers have tried to force a Big Tech breakup and lost.

U.S. Judge Leonie Brinkema in Alexandria, Virginia, declined to make Google sell AdX, where publishers pay Google a 20% fee to sell ads in auctions that happen instantly when users load websites. The Department of Justice had argued Google could not be trusted to run the online advertising exchange after Brinkema ruled that Google had illegally quashed competition.

The judge accepted behavioral remedies. She will release a detailed ruling in 14 days to give time to redact confidential information. Google had proposed fixes including providing real-time bid access to competitors.

The ruling fueled questions about whether courts are up to the task of checking the industry's unprecedented power over the U.S. economy, and the fate of a crackdown that started during President Donald Trump's first term. Cases against Amazon (AMZN.O), opens new tab and Apple (AAPL.O), opens new tab involving smartphone and online retail markets have not yet gone to trial. And while two judges found Google engaged in anticompetitive conduct in separate markets, they rejected the strongest measure of requiring it to sell assets.

Google welcomed the court decision. "We’re very pleased the Court rejected the DOJ's proposal to break apart tools that help small businesses reach new customers and grow," said executive Lee-Anne Mulholland.

The DOJ is "pleased that the court ordered substantial relief," it said in a social media post on X.

"We are one step closer to restoring competition and bringing relief for the American people in online advertising markets. The Department is evaluating appropriate next steps," the DOJ said.

GOOGLE ARGUED DIVESTITURE WOULD HURT CUSTOMERS

The DOJ and a broad coalition of states sued Google in 2023 over its dominance in markets for advertising technology used by online publishers and websites.

In April 2025, Brinkema ruled that Google holds illegal monopolies on servers that host publisher ads and ad exchanges which sit between buyers and sellers. Google unlawfully locked publishers on its ad server into using its AdX, the judge found.

The tech giant's anticompetitive conduct "substantially harmed Google's publisher customers, the competitive process, and, ultimately, consumers of information on the open web," Brinkema said at the time.

At a trial last year on remedies in the case, the DOJ argued that Google cannot be trusted to run AdX, given its past behavior.

Google argued that a forced sale would be technically difficult and result in a long and painful transition that would hurt customers. The company also sought to show the DOJ's demand was different from Google's own previous offer to sell AdX to end an EU antitrust investigation, which Reuters reported in 2024.

Ad Manager represented 4.1% of Google's overall revenue and 1.5% of operating profit in 2020, according to Wedbush research and analysis of court documents. More recent figures were redacted from court documents.

U.S. TECH CRACKDOWN IN JEOPARDY

While Google has been ordered to change some business practices, the ruling is the third time in a row that a judge has rejected a bid by U.S. antitrust enforcers to break up Big Tech.

Sacha Haworth, executive director of The Tech Oversight Project, said the rulings "prove that the courts alone will not save us from Big Tech." The advocacy group has proposed legislation aimed at restoring competition in digital advertising.

A federal judge in Washington last year rejected the Federal Trade Commission's attempt to make Meta Platforms (META.O), opens new tab sell off Instagram and WhatsApp, saying the agency failed to prove that Meta holds a monopoly in a social media landscape that has shifted drastically since the case was brought in 2020. The FTC has filed an appeal.

Likewise, another judge in Washington, who previously ruled that Google holds an illegal monopoly in online search, rejected the DOJ's bid to make the company sell its Chrome browser, citing rising competition from generative artificial intelligence companies such as OpenAI's ChatGPT.

Reporting by Jody Godoy and Jonathan Stempel in New York, additional reporting by Ismail Shakil in Otawa; Editing by Matthew Lewis and Sanjeev Miglani

New Jersey takes fight over Kalshi's prediction market to US Supreme Court

reuters.com/world/new-jersey-asks-us-supreme-court-assess-power-regulate-sports-bets-kalshi-2026-09-02

Sept 2 (Reuters) - New Jersey authorities on Wednesday asked the U.S. Supreme Court to resolve whether states have the power to police sports betting that occurs on prediction markets operated by Kalshi and competing platforms.

The state asked, opens new tab the Supreme Court to overturn an appellate court's decision in April holding that the U.S. Commodity Futures Trading Commission has exclusive jurisdiction over the sports-related event contracts that Kalshi allows people to trade on its platform.

"These companies have no right to offer their sports bets without following state law, which is why dozens of states across the ideological spectrum have opposed them," New Jersey Attorney General Jennifer Davenport, a Democrat, said in a statement.

New York-based Kalshi did not immediately respond to a request for comment.

Kalshi, which in a recent funding round was valued at $22 billion, has been at the center of an escalating legal battle over the ability of state gaming regulators to police companies in the fast-growing prediction markets industry.

States argue that firms like Kalshi are operating without required state licenses, in violation of gaming laws, including bans on wagers by those under 21.

Under Republican President Donald Trump's administration, the CFTC has shared the companies' position that trading on prediction markets falls exclusively under the agency's jurisdiction.

Davenport is asking the Supreme Court to overturn a 2-1 decision by the Philadelphia-based 3rd U.S. Circuit Court of Appeals in Kalshi's favor that concluded that the federal Commodity Exchange Act likely preempted New Jersey's laws.

New Jersey took its case to the nation's highest court just days after a different federal appeals court sided against Kalshi , ruling that Nevada gaming regulators could not be blocked from requiring the company to hold a gaming license to allow users to bet on sports outcomes.

Those conflicting appellate court rulings increased the possibility that the Supreme Court could be forced to step in and resolve the issue, which is at the center of numerous other court cases nationwide. At least four states — Nevada, Massachusetts , Michigan and Washington — have won court orders restricting Kalshi's activities.

New Jersey argues the 3rd Circuit's holding rests on the incorrect premise that Congress, in adopting the Dodd-Frank Act following the 2008 financial crisis, silently shifted authority over sports wagering away from states to the CFTC when it was directed to regulate "swaps," a type of derivative contract.

"At the very least, Dodd-Frank is not nearly clear enough to transfer authority over a multi-billion-dollar sportsgaming industry to a federal regulatory agency with no gambling expertise," the state's lawyers wrote.

[Bloomberg Law]

[Manage Newsletters]

SEC Preps Plan to Widen Investor Access to Private Markets

Sept. 1, 2026, 11:37 AM PDT

Summary by Bloomberg AI

AI Generated

- The US Securities and Exchange Commission is planning to expand access for retail investors to private markets and allow investment advisers to charge performance fees to a wider set of clients.
- The proposed rule would amend the Investment Advisers Act of 1940 and the Investment Company Act of 1940 by "modernizing" the performance fee framework and allowing retail exposure to private markets through registered funds.
- The SEC says "exposure to the full dynamism of our markets – both public and private – should not be reserved for wealthy insiders" and that broadening access to private markets is about "freedom and fairness".

The US Securities and Exchange Commission is eyeing a plan to expand access for retail investors to private markets and allow investment advisers to charge performance fees to a wider set of clients.

The regulator's planned proposal was received by the White House Office of Management and Budget on Monday. It's the latest sign of the agency attempting to open up an area of the market that's off limits to most mom-and-pop investors.

"Exposure to the full dynamism of our markets – both public and private – should not be reserved for wealthy insiders," the SEC said in a statement.

The proposed rule would amend the Investment Advisers Act of 1940 and the Investment Company Act of 1940 by "modernizing" the performance fee framework and allowing retail exposure to private markets through registered funds, the SEC's rulemaking notice states. Further details weren't included in the notice.

Investment advisers are currently limited to charging performance fees to so-called qualified clients, said **Thoreau Bartmann**, partner at K&L Gates and former attorney in the SEC's investment management division.

"Through limiting performance fees, you're limiting access to that asset class," Bartmann said. "Whether that's a good or bad thing, that's debatable."

Investing in private markets has historically been the domain of institutional investors or wealthy individuals who, in theory, have the knowledge to assess whether an investment is a good idea.

SEC Chairman **Paul Atkins** has repeatedly bristled against such restrictions, saying fast-growing companies that are able to attract capital in private markets remain unavailable to most investors. Broadening access to private markets is about "freedom and fairness," he said at an SEC event in March.

At the same time, investments offered privately provide fewer disclosures than those in the public markets, which can make them harder to value. That exposes investors to more risks, groups like Better Markets have warned.

Once the White House completes its review of the SEC measure, the current three-member commission is expected to release a proposal for the public to the public for comment. The agency will then incorporate that input into a final version of the rule, which must be voted on by the commission again.

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Steve Stroth

First Circuit Affirms Dismissal Of Putative Class Action Against Pharmaceutical Company | Business Information & News | FE

On August 19, 2026, the United States Court of Appeals for the First Circuit affirmed the dismissal of a putative class action asserting claims under the Securities Exchange Act of 1934 against a biopharmaceutical company and its CEO. In re Apellis Pharms., Inc. Sec. Litig., —F.4th—, 2026 WL 2425924 (1st Cir. Aug. 19, 2026). Plaintiffs alleged that the company made misrepresentations regarding clinical trials for a drug that was ultimately approved by the Food and Drug Administration ("FDA"). The Court held that literally true statements that plaintiffs contended were misleading were not actionable half-truths and affirmed the district court's dismissal on that basis, without addressing the scienter requirement, which was the district court's alternative basis for dismissal.

The company developed a drug administered through intravitreal injections to slow the progression of geographic atrophy, an advanced form of age-related macular degeneration that can cause blindness. Id. at *1. Before the FDA granted approval, the company conducted two Phase III clinical studies to test the drug. Id. at *2. Plaintiffs' allegations concerned more than a dozen statements by defendants during the class period concerning the absence of cases of retinal vasculitis (an inflammation of the vessels of the retina that can cause significant vision loss) among trial participants—asserting either that no such cases had been observed or that there were no such cases. Id. The FDA-approved protocols for the trials, which were publicly available, required fluorescein angiograms—the most common and accepted test for detecting retinal vasculitis—at three points during the trials: at the outset, at the midpoint, and at conclusion. Id. In addition, the protocols required fluorescein angiograms for participants who dropped out (though not until at least thirty days after departure from the trial), and participating clinicians were free to order angiograms at any time if warranted by a participant's symptoms. Id.

Plaintiffs conceded that the company followed the protocols for the trials and that the statements were not themselves false. However, plaintiffs alleged that the statements amounted to misleading half-truths because the Phase III studies were not designed to detect retinal vasculitis. Plaintiffs contended that, had the studies been designed to detect retinal vasculitis, they would have required prompt follow-up fluorescein angiograms for retinal vasculitis when study participants developed intraocular inflammation or ischemic neuropathy, which can be symptoms of retinal vasculitis. Id. at *3. Plaintiffs also contended the trials should have required immediate follow-up fluorescein angiograms when participants dropped out of the studies. Id.

In support, plaintiffs pointed to a letter published by the American Society of Retinal Specialists ("ASRS"), reporting six incidents of retinal vasculitis in patients treated with the drug. Id. at *1. The company subsequently confirmed a seventh case and stated that it was investigating a potential eighth. The company's stock price declined significantly, and the company updated the drug's label to include retinal vasculitis as a potential side effect. Id. Subsequently, the ASRS committee published another letter indicating that, while there were "no reported cases of retinal vasculitis … in the clinical trials," there was "no defined protocol in these studies to obtain angiography in cases of intraocular inflammation." Id.

The First Circuit affirmed that the challenged statements were not actionable half-truths under the framework set forth by the U.S. Supreme Court in Macquarie Infrastructure Corp. v. Moab Partners, L.P., which defines half-truths as "representations that state the truth only so far as it goes, while omitting critical qualifying information." Id. at *4 (quoting 601 U.S. 257, 263 (2024)). The Court explained that, while the company did not explicitly state certain circumstances in which fluorescein angiograms were not automatically provided for testing, defendants made "full and complete disclosures of when fluorescein angiograms would be given to trial participants," and that investors therefore "knew what the defendants were doing and the outcomes arising from those actions." Id. at *4 (emphasis in original). The First Circuit also emphasized that, unlike in other cases where it had held half-truths to be actionable, the challenged statements were not contradicted by facts. Here, the trial protocols were public and followed and there were "neither contradictions nor undisclosed facts." Id. at *4–5.

The Court acknowledged plaintiffs' suggestion that investors might lack the scientific expertise to understand whether the protocols' testing procedures were sufficient to detect retinal vasculitis. The Court noted that it was not foreclosing the possibility that, in another case on other facts, "the scientific details might be so complex that the hypothetical reasonable investor might be misled by a defendant's more accessible plain-English statements notwithstanding the public availability of technically dense documents describing the testing protocols." Id. at *4 n.5. However, the Court concluded that the information provided by defendants here "was accurate and did not conceal material information." Id. at *5.

SEC charges diamond company ex-CEO with 'massive accounting fraud' | Secondary Sources | National

(September 01, 2026) - (Checkpoint News) – The Securities and Exchange Commission has charged former Lugano Holdings Inc. CEO Mordechai Ferder with orchestrating a yearslong diamond investment and accounting fraud involving more than $1 billion in fictitious revenue.

Securities and Exchange Commission v. Ferder et al., No. 26-cv-02492, *complaint filed* (C.D. Cal., Aug. 31, 2026).

The SEC filed the Aug. 31 complaint in U.S. District Court for the Central District of California against Ferder and Simba IL Holdings LLC, an entity he controlled and allegedly used to facilitate the scheme and manage family assets.

The agency also named three Ferder family trusts as relief defendants, seeking to recover proceeds they allegedly received from the 2021 sale of Lugano Diamonds & Jewelry Inc. to Compass Diversified Holdings, a publicly traded company referred to as CODI.

The SEC says it believes that Ferder has remained in Israel since April 2025, after learning while on vacation that CODI had opened an internal investigation into his conduct. Ferder, who has dual U.S. and Israeli citizenship, has no known counsel.

The agency alleges that Ferder and Simba orchestrated a fraud centered on sham investment contracts involving diamonds that neither they nor Lugano ever owned. The scheme allowed Lugano to record money received from investors and financiers as jewelry sales revenue, the SEC says.

Ferder allegedly told investors that he or Lugano had obtained, or would obtain, valuable diamonds at below-market prices, and that investors could receive a share in the diamonds while Ferder would use his jewelry expertise and wealthy-client network to increase their value and find buyers. He promised investors short-term returns as high as 20% to 40%, the SEC says.

But he often never acquired the diamonds tied to the contracts, and in some instances he sold multiple investors interests in the same purported stone without being told about each other, the SEC alleges. It says the defendants made payments back to earlier investors and financiers through Ponzi-like transfers, often using funds from later investors or other financing.

At Ferder's direction, Lugano allegedly booked investor and financing proceeds as revenue, rather than debt, and failed to record liabilities tied to repayment obligations on its financial statements. The complaint says Ferder also caused Lugano to record fictitious revenue through fabricated invoices, altered wire confirmations, fake customer purchase invoices, and manipulated inventory entries. Ferder also allegedly misled CODI's outside auditor.

CODI bought a 60% interest in Lugano in September 2021, paying nearly $104 million to Ferder, Simba, and the family trusts. The SEC alleges that the defendants misled CODI during the acquisition by providing financial statements that overstated revenue and understated liabilities tied to the undisclosed investment contracts and financing arrangements.

After the acquisition, the fraud accelerated, according to the complaint. From the acquisition through early 2025, Ferder allegedly entered into at least 221 investment contracts and caused Lugano to record at least $428 million in false revenue tied to those deals.

He also allegedly entered into at least 171 other financing arrangements that generated nearly $135 million in proceeds, while causing Lugano to record more than $180 million in revenue from those sources.

The SEC says Lugano's records falsely listed three financiers as the company's three largest customers, accounting for more than $170 million in false revenue.

To conceal repayments, Ferder allegedly routed money through real and fake Lugano vendors, causing the company to characterize the transfers as inventory purchases or deposits. In one set of transactions, Lugano allegedly paid at least $51.6 million to a vendor that then transferred at least $47.5 million to third parties associated with Lugano, including investors and financiers.

The SEC also alleges that Ferder misappropriated corporate assets, including by causing Lugano to make payments to a purported vendor that were followed by payments to his personal bank account, and by causing Lugano to pay for artwork for his homes while recording the purchases as jewelry inventory.

CODI disclosed in May 2025 that its audit committee had begun an internal investigation into Lugano's financing, accounting, and inventory practices and that its 2024 financial statements should no longer be relied upon. CODI's stock price fell more than 62% the next day, according to the complaint.

CODI later restated its financials, reducing the value of Lugano's net identifiable assets at acquisition from $179 million to $5 million and cutting Lugano's post-acquisition revenue by

$892 million, or 86%, for the period from the third quarter of 2021 through the fourth quarter of 2024. Lugano filed for Chapter 11 bankruptcy in November 2025.

The agency seeks permanent injunctions, civil penalties, disgorgement with prejudgment interest, an officer-and-director bar against Ferder, and a conduct-based injunction barring him from participating in securities offerings or transactions, except for trading in his own personal account.

A version of this story originally appeared on Checkpoint News.

Texas attorney accused of faking tax liens, forging deeds in $1.85 million fraud | Secondary Sources | National

today.westlaw.com/Document/Iaa9c6321a6e611f1b7f1ca5d21645c30/View/FullText.html

(September 02, 2026) - A Texas attorney is facing parallel civil and criminal suits alleging that between March 2021 and October 2025, he raised more than $1.85 million from 22 investors to purchase tax liens and legal settlements he never acquired.

Securities and Exchange Commission v. Gilchrist et al., No. 26-cv-2953, *complaint filed* (N.D. Tex. Aug. 31, 2026).

United States v. Gilchrist, No. 26-mj-1151, *complaint unsealed* (N.D. Tex. Aug. 31, 2026).

David T. Gilchrist spent the proceeds of four securities offerings on personal expenses and Ponzi-like payments to earlier investors, the Securities and Exchange Commission says in a complaint filed Aug. 31 in the U.S. District Court for the Northern District of Texas.

The District Court unsealed a criminal complaint the same day charging Gilchrist with wire fraud, aggravated identity theft and witness tampering.

According to the Department of Justice, Gilchrist gave forged documents to the SEC when it began investigating him.

He also invented a story during SEC testimony involving an innocent woman whom he claimed had been his intermediary, the DOJ said.

Prosecutors allege that he later appeared at the woman's home, told her husband the FBI was looking for him, and suggested they take a long "vacation" to Mexico.

Authorities arrested Gilchrist on Aug. 31.

In the SEC's suit, Texas-based podcast host Christopher "Aaron" Novinger is also a defendant. The agency barred him from associating with any broker in 2016.

SEC: Gilchrist repeatedly lied

According to the SEC, Gilchrist raised $220,000 from his first investor in 2021, purportedly to partner with a Texas law firm that was to advance class action settlement payments at a guaranteed 12.5% quarterly return.

The three other offerings promised investors returns of about 20% a year on Texas tax liens, the complaint says.

But Gilchrist never bought a tax lien, the SEC says. Instead, he sent investors notarized "Redeemable Deeds of Trust" carrying forged owner signatures, the suit says.

When payments stopped in 2024, Gilchrist told one investor that he was unable to respond to his inquiries because he had been in North Carolina assisting homeowners with disaster relief claims, the SEC says.

He later told the same investor that he was recovering from emergency surgery in Tennessee, according to the complaint.

Gym records place him in Texas both days, the SEC says.

'I won't make it out of this alive'

The complaint also alleges that Novinger brought in 18 investors, 16 of which were his own advisory clients.

Novinger demanded proof of the liens from Gilchrist but never received any, the suit says.

"I won't make it out of this alive if my clients are taken advantage of," Novinger texted Gilchrist in August 2023. Hours later, he sent a message saying that another client was likely to invest at least $25,000, the suit says.

Gilchrist paid Novinger $14,131 in commissions from investor funds, routed to the account of his wife, Rebecca Novinger, whom the SEC has named as a relief defendant.

The 10-count complaint includes alleged violations of the anti-fraud provisions in Section 17(a) of the Securities Act of 1933, 15 U.S.C.A. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C.A. § 78j(b). The SEC also says Novinger's sales breached his 2016 bar against associating with brokers.
The agency seeks injunctions prohibiting further violations of those provisions, disgorgement of ill-gotten gains with interest, civil penalties and an order barring both men from any securities offering.

Gilchrist faces up to 20 years in prison for the criminal wire fraud and witness tampering charges, and a mandatory two-year consecutive sentence for aggravated identity theft.

SEC attorney Jonathan S. Polish represents the agency. Assistant U.S. Attorney Alexander Schwab represents the government in the criminal case.

Western District Of Michigan Grants Motion To Dismiss Securities Class Action Against Food Safety Company | Business Information & News | FE

On August 10, 2026, Chief Judge Hala Y. Jarbou of the United States District Court for the Western District of Michigan granted a motion to dismiss a putative securities fraud class action against a food safety company (the "Company"), its then-President and CEO, and its then-CFO (collectively, "Defendants"), alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder. Operating Engineers Construction Industry and Miscellaneous Pension Fund, et al. v. Neogen Corporation, et al., No. 1:25-cv-802 (W.D. Mich. Aug. 10, 2026). The Court held that the challenged statements were either not materially false or misleading, constituted inactionable puffery or forward-looking statements protected by the PSLRA safe harbor, or were not accompanied by sufficient allegations of scienter.

In 2022, the Company acquired another company's (the "Target") food safety business for $5.3 billion, intending to become a "global leader in food security." The acquisition required integrating back-office IT systems—particularly a CRM system and an ERP system—as well as relocating manufacturing of the Target's product lines to the Company's facilities. The Company entered transition services agreements with the Target under which it paid escalating fees for the Target to maintain systems and manufacturing until the Company could take over, meaning delays in integration would impair profitability. Plaintiffs alleged that Defendants made false or misleading statements about the progress of integration across three areas: the CRM system, the ERP implementation, and the manufacturing of acquired product lines. When the Company reported order-fulfillment delays and disappointing earnings in April 2024, its stock dropped 9%; in April 2025, after the termination of the Company's CEO and reporting production challenges, the stock dropped 29%; and further disclosures in June 2025 regarding manual product assembly caused additional declines.

In granting the motion, the Court addressed each category of challenged statements in turn. As to the CRM integration, the Court found that the complaint adequately alleged a false statement: the CEO's January 2023 claim that the Company had "combined CRM systems on day two" and that "all the sales teams" could identify common customers was contradicted by a former sales employee who could never access the Target's customer data throughout his tenure. However, the Court held that plaintiffs failed to plead scienter because there were no allegations that anyone discussed the CRM issue with the CEO or other senior executives, no insider trading, and no disregard of current information—and that the CEO's general desire to protect his position was insufficient because such a desire is shared by all corporate officers. As to the ERP implementation, the Court found that early statements the system was "on track" were inactionable opinions about soft information that could not be proven or disproven. The Court also determined that later statements that the system was "fully operational" were not materially false because Defendants repeatedly disclosed "inefficiencies" causing shipping delays and backlogs; that statements indicating the issues were "effectively resolved" were not contradicted because remaining backlogs were attributable to manufacturing problems rather than ERP failures; and that Defendants' repeated public disclosures of ERP problems undercut any inference of scienter throughout.

As to the manufacturing integration, the Court found that Defendants' statements were either entirely consistent with plaintiffs' own allegations—for instance, representations that the "relocation" of equipment was complete while production was still "ramping up" aligned with allegations that machinery was in place but experiencing failures—or constituted forward-looking statements protected by the PSLRA safe harbor. General statements about "good progress" and "improving efficiency" were inactionable puffery. Importantly, Defendants affirmatively disclosed that production was at approximately half of historic levels and that reduced output had adversely impacted revenue, which undermined any inference of fraudulent intent.

Because plaintiffs failed to allege a primary violation under Section 10(b) or Rule 10b-5, the Court also dismissed the Section 20(a) control-person claims against the individual Defendants.

[NY Firm, Clinics Reject FedEx's 'Staged' Crashes Claims]

September 01, 2026

Author: Linda Chiem

Summary

A New York personal injury firm and various healthcare providers have told a Manhattan federal judge that FedEx has asserted implausible claims alleging they orchestrated an insurance fraud scheme to fabricate medical records and inflate accident claims, saying there is no such racketeering enterprise.

Body

A New York personal injury firm and various healthcare providers have told a Manhattan federal judge that FedEx has asserted implausible claims alleging they orchestrated an insurance fraud scheme to fabricate medical records and inflate accident claims, saying there is no such racketeering enterprise.

Brooklyn-based Ikhilov Law Group PC, which does business as Ikhilov & Associates, and its founding partner Zorik "Erik" Ikhilov on Monday filed a motion to dismiss FedEx's Racketeer Influenced and Corrupt Organizations Act lawsuit, rejecting claims that they directed a scheme to stage motor vehicle accidents, fabricate medical claims and file sham lawsuits to extract inflated settlements out of the company.

Ikhilov & Associates maintained that collateral estoppel prevents FedEx from relitigating claims over purportedly "staged" accidents, and that FedEx has failed to allege it proximately caused any RICO injury. The only conduct attributed to the firm is the filing of pleadings in the underlying state court accident lawsuits.

"Any causal chain running from an Ikhilov-filed pleading to FedEx's balance sheet passes through a series of independent decisions by others: each claimant's decision to seek treatment; each doctor's exercise of medical judgment; each insurer's processing of claims FedEx never saw; the courts' rulings on liability; and FedEx's own litigation strategy, informed by its own counsel and own examining physicians under [*New York Civil Practice Law and Rules Section] 3121(a)*," Ikhilov & Associates said. "That is the definition of an indirect injury."

Moreover, FedEx "pleads no facts to plausibly infer that the various defendants 'acted together with the common purpose of converting staged or low-impact collisions involving FedEx vehicles into high-value lawsuits,'" according to Ikhilov & Associates.

"Here, stripped of its conclusory allegations, the complaint details nothing beyond unrelated defendants acting independently for their own objectives," it said. "The Ikhilov defendants prosecuted their clients' personal injury actions for fees. The medical provider defendants billed for their own treatment of their own patients and earned their own 'expert fees.'"

Ikhilov & Associates also called attention to a recent decision from U.S. District Judge Orelia E. Merchant of the Eastern District of New York dismissing a similar RICO lawsuit that Uber Technologies Inc. filed against three personal injury law firms and various medical providers.

Judge Merchant on Aug. 14 rejected Uber's claims that Wingate Russotti Shapiro Moses & Halperin LLP, Banilov & Associates PC and Lavelle Law Firm conspired with physicians and exploited passengers to pursue fake or exaggerated injury claims in order to strong-arm settlement payouts from Uber.

Judge Merchant's decision "is directly on point," as FedEx's complaint in this case is no different, according to the Ikhilov & Associates.

"FedEx's assertion that the defendants 'acted together' rests on the identical architecture of referrals, billing, and litigation funding that the Uber court held cannot sustain a common purpose," it said.

FedEx sued Ikhilov & Associates and some two dozen health clinics, radiologists, physical therapists, orthopedics and other providers in April. It alleged they weaponized state courts and New York's no-fault insurance laws to extort settlements from companies like itself, whose large commercial fleets, predictable routes, professional drivers and higher insurance policy limits make them "targets for staged and intentionally caused motor vehicle accidents."

FedEx said New York's no-fault system was "designed to ensure prompt payment of medical bills and lost earnings following automobile accidents, while simultaneously reducing the volume of litigation arising from minor or low-impact collisions." But because the law limits automobile-related personal injury lawsuits to cases involving significant or permanent injuries, it has also created "a powerful financial incentive for individuals seeking large payouts and settlements to manufacture, exaggerate, or escalate injuries beyond what the accident objectively produced," it said.

The medical provider defendants also filed a joint motion to dismiss Monday, saying FedEx is "using civil RICO and its acknowledged stigmatizing effects" to deter medical and legal professionals from treating or representing injured individuals who are simply availing themselves of the New York Insurance Law and no-fault system.

"To recast these unremarkable events as a 'scheme,' plaintiff alleges a coordinated 'enterprise' of lawyers and medical providers working together to increase the settlement value of personal injury lawsuits," they argued. "The complaint, however, reflects that each claimant went to a different emergency room, followed a different treatment path dictated by different symptoms, and was in significant part treated by non-party providers, all of which underscores the absence of any pattern connecting them to one another or to the legal services defendants."

A FedEx spokesperson said in a statement to Law360 that "FedEx is committed to protecting our customers and team members from fraudulent behavior. Safety remains our highest priority, and we filed this litigation to address concerning patterns in certain auto accidents and medical claims. We will refrain from further comment on active litigation."

Counsel for other parties could not be reached for comment Tuesday.

FedEx is represented by William J. Clay, Adam K. Gallagher, Michael A. Graves and Aaron E. Meyer of The Willis Law Group PLLC.

Ikhilov & Associates is represented by Brett A. Scher and Adam M. Marshall of Kaufman Dolowich LLP.

The medical providers are represented by Norman R. Cerullo, Rachel A. Morgenstern and Matthew Finegan of Ruskin Moscou Faltischek PC, Peter M. Birzon of Peter Birzon & Associates PC, Robert A. O'Hare Jr. and Andrew C. Levitt of O'Hare Parnagian LLP, Gerard A. Lucciola of The Lucciola Law Group PC, Kenneth L. Kutner of the Law Offices of Kenneth L. Kutner, and Wesley Robert Mead of The Mead Law Firm PC.

The case is Federal Express Corp. v. Ikhilov Law Group PC et al., case number 1:26-cv-02859, in the U.S. District Court for the Southern District of New York.

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Mylan Cites 'Immutable Conflict' In 11th Hour Bid To Stay Trial

By **Craig Clough**

Law360 (September 1, 2026, 10:58 PM EDT) -- Just about a week before the first trial in the sprawling generic drug price-fixing multidistrict litigation, Mylan urged a Pennsylvania federal judge to postpone the trial and stay all proceedings for at least 45 days, claiming that the special master in the case has an "immutable conflict" that impacts not just the pending trial but the entire MDL.

Mylan said it recently discovered that Stengel was listed as co-liaison counsel in another case alongside two attorneys representing plaintiffs in the MDL and had served as lead counsel for class plaintiffs in a case arising from the same "nucleus of facts and claims as those alleged" in the MDL and the upcoming trial, referred to as "Humana I."

In a memorandum to the court, Mylan said Third Circuit precedent calls for Judge Cynthia M. Rufe to stay the upcoming trial so that an inquiry can be made into the circumstances of Stengel's appointment and whether his role as a neutral adviser to the court affected Judge Rufe or other judicial officers.

"Although the facts that we have been able to identify in the short time we have been aware of this conflict justify at least Special Master Stengel's recusal, and a disqualification motion to that effect will be filed shortly, more diligence is needed to determine the extent to which the taint of his conflict may impact the service of other judicial officers," Mylan said.

Jury selection in the case is **scheduled** to begin Sept. 8.

The larger, long-running litigation, which includes claims from insurers and health plans, alleges that much of the generic-drug industry worked for years to fix the prices of generic medications, resulting in higher costs for purchasers. A group of state attorneys general is also moving forward with claims in Connecticut federal court.

Humana filed a sprawling racketeering suit in Pennsylvania federal court in 2018, alleging that the companies conspired to hike prices on a range of everyday medications, resulting in "extraordinary" prices over a four-year period. Its case is set to be the first to go to trial, buoyed most recently by Judge Rufe's Aug. 26 decision rejecting Mylan and Lannett's bid to scrap Humana's claims of an overarching conspiracy.

Mylan said in Tuesday's filing that Stengel, while in private practice, served as lead counsel for class plaintiffs in a securities case against Endo International PLC that was based on claims in the Humana complaint and related MDL actions and included allegations that generic manufacturers, including Mylan and Lannett, engaged in price-fixing, bid-rigging and customer and market allocation.

The memorandum also said Stengel has a previously undisclosed relationship with some attorneys representing the end-payer plaintiffs in the MDL who are from Fine, Kaplan and Black. Stengel was co-liaison counsel with those attorneys in a putative securities shareholder class action called In re Arcadium Lithium PLC in Pennsylvania state court, Mylan said.

Mylan said when it discovered Stengel's involvement in the Arcadium case recently and asked him about it, he responded that he was serving as local counsel for Robbins Geller, had "little to no involvement" in the case, had not communicated with anyone at Fine Kaplan concerning Arcadium and had not initially realized Fine Kaplan was involved.

Mylan said Stengel told the firm he intended to withdraw from the Arcadium case because the relationship appeared to create a conflict. After discovering this conflict, Mylan investigated Stengel's cases in private practice and discovered the Endo case, Mylan said, adding that Stengel has not responded to its questions about that case since they were sent on Friday.

The company said Stengel's filings in the Endo case accused Mylan of an "anti-competitive price increase in tandem with Endo" and stated, in seeking fees after a settlement of over $63 million, that he personally oversaw day-to-day litigation activities and believed the plaintiffs' claims were meritorious.

Mylan said Stengel's relationship with co-counsel in the Arcadium case and his earlier lead counsel role in the Endo case were not previously disclosed and should result in his disqualification if he does not recuse himself and warrant a stay of the upcoming trial.

Judge Rufe appointed Stengel as special master in May 2023 under Federal Rule of Civil Procedure 53, and his affidavit stated that he had no undisclosed grounds for disqualification, Mylan said.

Mylan said the complaint and allegations in the Endo case closely mirror at times those in Humana I, with Endo named as a defendant in the operative Humana I complaint and "featured throughout its allegations."

Both complaints name the same alleged co-conspirators of Endo, Teva, Mylan, Sandoz, Actavis, Lannett, Impax, Heritage, Upsher-Smith, and West-Ward and allege the same conspiracy concerning Amitriptyline, Baclofen, Digoxin, Propranolol, and Doxy Mono, Mylan said.

"Indeed, many passages of the Endo Complaint match the complaint in Humana I practically word for word," Mylan said, pointing to a passage in which the Endo complaint alleges "a flurry of communications among the four 'competitors,'" while the Humana I complaint alleges "[a] flurry of communications between the four competitors."

In calling for a stay, Mylan relied heavily on the Third Circuit's 2003 and 2004 decisions in In re Kensington Int'l Ltd., which Mylan said call for the development of a full factual record when court-appointed advisers have potential conflicts tied to related litigation, as a court adviser's role could impact the impartiality of judicial officers.

"To be clear, [Mylan] is not claiming on this record that the Court or its officers have acted in a manner that has been the product of an inappropriate bias — nor is that the question that must be resolved," Mylan said.

Mylan said it is not accusing Judge Rufe or other judicial officers of wrongdoing or bias, but argued that the court should permit discovery before deciding whether to revisit prior rulings. The memorandum calls for a continuance of the pretrial conference, a stay of all proceedings for at least 45 days and permission to conduct discovery into the alleged conflicts.

Counsel for Mylan and Humana did not immediately respond to requests for comment.

Humana is represented by Peter D. St. Phillip Jr., Raymond P. Girnys, Noelle Ruggiero, Uriel Rabinovitz, Deborah Rogozinski, Alexis H. Castillo, Thomas Griffith and Matthew A. Cartwright of Lowey Dannenberg PC and Todd Schneider, J. Caleigh Macdonald, David D. Burnett and Jason H. Kim of Schneider Wallace Cottrell Kim LLP.

Mylan is represented by Jeffrey C. Bank and Michael Sommer of Wilson Sonsini Goodrich & Rosati PC.

Actavis and Teva are represented by Kasowitz Benson Torres LLP.

Impax is represented by Troutman Pepper Locke LLP.

Lannett is represented by Dechert LLP.

The cases are In re: Generic Pharmaceuticals Pricing Antitrust Litigation, case number 2:16-md-02724, and Humana Inc. v. Actavis Elizabeth LLC et al., case numbers 2:18-cv-03299, in the U.S. District Court for the Eastern District of Pennsylvania.

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Jason Isbell Says Suno Exploits Identities Like 'The Borg'

By **Rae Ann Varona**

Law360 (September 1, 2026, 11:32 PM EDT) -- Grammy winner Jason Isbell and several other musicians have lodged a proposed class action in Massachusetts federal court against Suno Inc., accusing the AI music generator company of extracting and exploiting musicians' identifying attributes much like a collective of identity-erasing cybernetic aliens from the Star Trek franchise.

AI music generating company Suno is accused of encoding musicians' identities into its AI model without their consent. (NurPhoto via AP/Samuel Boivin)

Isbell and three other musicians alleged in a complaint filed Monday that Suno "encoded" musicians' identities into its AI model without their consent, storing their identifying attributes like their name, timbre, phrasing and expressive character so that its product can retrieve and deploy the "identities of musicians by name."

"Suno's system recognizes 'Jason Isbell' as far more than a mere text string," the complaint asserts. "It is a retrieval key for a set of performer-specific representations that it can use to generate a response associated with that musician."

The musicians said that from a "name prompt alone," Suno users can get a "multi-modal experience evoking that named musician" that includes a generated song the musician might create, a description of the musician's attributes and a related image.

The musicians likened Suno to the Star Trek villain known as "The Borg," which the musicians said physically restructures its victims "at a cellular level until each individual's identity is consumed."

They said that Suno, somewhere along its model training pipeline, "possesses something uncomfortably like the Borg Collective itself: a vast database of tokens, each capturing the identifying attributes of musicians, organized into formulas whose very existence is defined by the identities Suno ingested."

Joining Isbell in the suit are David Lowery, lead singer of the bands Camper Van Beethoven and Cracker; blues musician Guy Forsyth; and Grammy Award-winning saxophonist Eduardo Calle.

The musicians seek certification of subclasses covering musicians from more than a dozen states, including Illinois, California, Pennsylvania, Washington, New Jersey, New York, Masacusetts, Texas and Tennessee, and allege violations of the states' right-of-publicity laws.

They also emphasize in their "identity rights" suit that they are not alleging violations of copyrights.

The subject matter of each of their claims, for instance, is the "identity of a human being, which is not a work of authorship and is not within the subject matter of copyright, however the identity was derived," they said.

Suno had said in a blog post in early August that it intentionally decided not to use artist names in its training metadata and that when prompts reference specific artists, Suno removes the artist's name and redirects the request "toward descriptive musical characteristics."

But according to the musicians, Suno "not only accepts names but also responds to the name with an output based on that musician's identity."

They said that when "jason isbell" was entered, Suno produced an Americana song called "Paper Bell," which the musicians said imitated Isbell's "characteristic clear male vocals and country twang."

Suno also described the song as "contemporary American singer-songwriter with fingerpicked acoustic guitar" and provided an image of a "paper bell with a church and trees in the background, evoking a country scene," the musicians said.

When "ed calle" was entered, Suno produced two songs with the saxophonist's actual name and that were described as "latin jazz with a swinging mambo pulse."

Suno also, for example, accepted the name of Carly Simon and produced a song it described as "1970s soft rock singer-songwriter," according to the suit.

The musicians also said that any purported filter could be "easily defeated" by adding a space between each letter of a musician's name.

They said that entering "m i c h a e l j a c k s o n" resulted in energetic pop songs Suno named "Glovebox Moonwalk." The songs were allegedly described as "1980s pop-funk dance track[s]" and featured photos of a white glove.

"With his name alone, the Michael Jackson experience relies on two of his most iconic associated attributes: the moonwalk and the single white glove," the musicians said.

It also wasn't just Jackson's name that got results evoking the musician, according to the complaint.

The musicians said that entering "smooth criminal" as a prompt on Suno resulted in two songs called "Back Alley Glide."

They said that running the song name again produced an "image of a man walking in a white suit, evoking Michael Jackson's iconic costume" for Jackson's music video for the song.

"There is no reason for the model to have any awareness of detailed identity features unique to a performer in this manner unless it was trained to do so," the musicians alleged.

Suno is the latest company to be accused of exploiting privacy rights in the context of AI. Journalists and voice actors lodged proposed class actions in **May** against Google, Meta, Microsoft, chipmaking giant Nvidia and speech synthesis software company ElevenLabs, accusing the companies of wrongly using plaintiffs' voices to train AI models. Suits against Apple Inc. and Adobe Inc. **followed**, also accusing the companies of exploiting the recorded voices of journalists, voice actors and others who use their voice in their professional work.

Suno could not immediately be reached for comment late Tuesday.

The musicians are represented by Alan D. Rose of Rose Law Partners LLP and George A. Zelcs, Marc Wallenstein and Audrey L.C. Austin and Lucy Prather of Korein Tillery LLC.

Counsel information for Suno was not immediately available.

The case is Jason Isbell et al. v. Suno Inc., case number 1:26-cv-14005, in the U.S. District Court for the District of Massachusetts.

--Additional reporting by Adam Lidgett and Lauraann Wood. Editing by Michael Watanabe.

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Wahlberg-Backed Gym Gets Final OK Of $10.5M Investor Deal

By **Mike Curley**

Law360 (September 1, 2026, 7:04 PM EDT) -- A Texas federal judge has given final approval to a $10.5 million settlement resolving investors' claims that a fitness franchise associated with the actor Mark Wahlberg misled them about its growth potential after going public.

In an **order** filed Monday, U.S. District Judge David A. Ezra said in a short order that because there were no objections from class members to the preliminary approval of the deal between investors and F45 Training Holdings Inc., the same reasoning and analysis finding the settlement preferable to prolonged, complex litigation applied.

Judge Ezra approved the plan of allocation for the settlement, which will see class members given pro rata disbursements of the settlement fund based on their calculated recognized total loss.

That amount will be calculated from the statutory formula in Section 11 of the Securities Exchange Act, which formed the basis for the plaintiffs' claims.

The judge also awarded class counsel $2.94 million in attorney fees, plus accrued interest, and $144,747 in expenses, also including accrued interest. Lead plaintiff Pledge Capital LLC also received $15,000 from the settlement fund as reimbursement for its costs and expenses related to its efforts in the case.

F45 Training, which counts Wahlberg as an investor and board member, went public on the New York Stock Exchange in 2021 and voluntarily delisted two years later, according to a 2024 amended complaint.

The investors, led by Pledge Capital, alleged that the company could not maintain growth following its initial public offering because it preferred multiunit franchises over single-unit franchises and offered more favorable payment terms to owners of those multiunit franchises.

This resulted in lower cash flow to the company, an issue not disclosed to investors, the complaint said. Stock prices plunged 60% after the company announced in July 2022 a significant reduction in expected earnings and the number of studios it anticipated opening, the removal of an expected credit line, the 45% reduction of its workforce, and the resignation of its CEO, the complaint added.

The parties moved for final approval **in July** after telling the court about the deal **in February**.

Representatives for the parties could not immediately be reached for comment Tuesday.

The investors are represented by Alfred Fatale, Jessica Goudreault and Joseph Cotilletta of Labaton Keller Sucharow LLP and Brian Schall and Rina Restaino of Schall Brown & Schwartz LLP.

F45 is represented by Craig Varnen, Gregg Jeffrey Costa, Lissa M. Percopo and Michael Raiff of Gibson Dunn & Crutcher LLP.

The case is In Re: F45 Training Holdings Inc. Securities Litigation, case number 1:22-cv-01291, in the U.S. District Court for the Western District of Texas.

--Additional reporting by Sydney Price and Jessica Corso. Editing by Nick Siwek.

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Lumen Beats $1.4B Pension Swap Suit

By **Jade Martinez-Pogue**

Law360 (September 1, 2026, 9:27 PM EDT) -- A Colorado federal judge on Tuesday ruled in favor of Lumen Technologies in a class action regarding $1.4 billion in pension obligations transferred to a risky insurance company, saying that plan participants could not show they suffered a current cognizable harm of loss of protections and the threat of impending injury was unconvincing.

U.S. District Judge Lewis Babcock on Tuesday said that named plaintiffs Dolly Dow and Virginia Sakal could not show that they had actually been harmed by Lumen transferring pension fund obligations to private equity-controlled Athene Annuity and Life Co. in 2021, and that their argument that Athene might fail was too speculative to count as a concrete legal injury.

Judge Babcock cited Thole v. U.S. Bank in his decision, in which the U.S. Supreme Court held that participants in a defined-benefit pension plan lacked standing to pursue their claims for plan mismanagement under ERISA because they had received all their vested pension benefits to date.

"Here too, plaintiffs have received all benefits owed to them since Athene became obligated for payment beginning in December of 2021 and are entitled to continue receiving them," Judge Babcock wrote.

Dow and Sakal accused Lumen in September 2024 of **breaching its fiduciary duty** to nearly 22,600 retirees by transferring pension fund obligations to Athene. While ERISA requires a fiduciary to get the "safest annuity available," Lumen instead put pensioners' benefits at risk in order to save itself money, according to the original complaint.

Athene's annuity products are "substantially riskier" than other annuity providers, the retirees said, citing the company's "complex and opaque" structure and risky asset portfolio.

In October 2025, Lumen asked the court to **toss the case**, calling it "speculative" and arguing that retired employees couldn't show that they had been harmed by the move. Lumen argued that the retirees didn't state any claims against Lumen, and that the company didn't select Athene, but rather worked with an independent fiduciary, State Street Global Advisors Trust Co., to select the annuity provider.

"Since plaintiffs cannot sell or otherwise transfer their pension benefits, there is no current harm to them based on a hypothetically decreased value of these benefits following the (pension risk transfer). Plaintiffs' benefits under the plan are fixed and will not change regardless of the payor or whether they fall within the purview of ERISA," Judge Babcock found.

A representative for Lumen told Law360 on Tuesday that the company is "pleased" by the court's ruling.

Representatives for the plaintiffs did not immediately return requests for comment on the decision Tuesday.

Dow and Sakal are represented by Kurt C. Struckhoff, Jerome J. Schlichter and Sean E. Soyars of Schlichter Bogard LLP.

Lumen is represented by Nancy G. Ross, Reginald R. Goeke and Minh Nguyen-Dang of Mayer Brown LLP, and Kathryn A. Reilly and Jacob A. Rey of Wheeler Trigg O'Donnell LLP.

State Street is represented by Benjamin S. Reilly and James O. Fleckner of Goodwin Procter LLP.