‘Crown Jewel’ of Globalstar’s $12 Billion Amazon Deal Draws Suit

Sept. 4, 2026, 8:52 AM PDT

Summary by Bloomberg AI

AI Generated

- Globalstar Inc.'s chief executive wrongly expropriated an AI-driven industrial automation platform from another business he founded, according to an unsealed lawsuit.
- Two Emirati firms are suing Globalstar and CEO Paul Jacobs, saying he breached contracts and corporate law by trampling on their rights as preferred investors in his other company, XCOM.
- The lawsuit claims Jacobs arranged an allegedly underpriced transaction giving Globalstar the XCOM assets that would become the centerpiece of its $11.6 billion sale to Amazon.com Inc.

Globalstar Inc.'s chief executive wrongly expropriated an AI-driven industrial automation platform – the “crown jewel” of its $11.6 billion sale to Amazon.com Inc. – from another business he founded, according to an unsealed lawsuit.

Two Emirati firms are suing the satellite company and CEO Paul Jacobs, saying he breached contracts and corporate law by trampling on their rights as preferred investors in his other company, XCOM, when he arranged an allegedly underpriced transaction giving Globalstar the XCOM assets that would become the Amazon deal’s centerpiece.

“Globalstar knew Jacobs was conflicted and used that knowledge to obtain a price for the wireless assets that did not reflect fair value,” according to the partly redacted filing unsealed Thursday in Delaware’s Chancery Court. “The market viewed the transaction as a windfall for Globalstar.”

GlobalStar didn’t immediately respond to a request for comment Friday. Amazon isn’t named as a defendant. Jacobs started XCOM after leaving the CEO role at Qualcomm Inc., the tech giant co-founded by his father, Irwin Jacobs.

The blockbuster Amazon acquisition announced in April, which is expected to close in 2027, would be the retail giant's largest since it bought Whole Foods for $13.7 billion in 2017. Federal Communications Commission officials have signaled they're open to a transaction that would bring more players into a broadband satellite market expected to double in size to $200 billion.

The deal is aimed at positioning Amazon's Leo satellite network to compete more effectively against Elon Musk's Starlink, the SpaceX division with a long head start. It's the latest example of the long-running feud between Musk, the world's wealthiest person, and Amazon founder Jeff Bezos, the third-richest, spilling over into their rival space ventures.

The lawsuit was originally filed under seal Aug. 29 by Kolaghassi Capital Ltd. and Dama Ventures Ltd. According to their court complaint, the sale of XCOM's assets to Globalstar for just $68 million included lucrative side terms for Jacobs that drove him to accept a lowball price, including the CEO job and up to 40 million restricted shares.

Jacobs also allegedly took most of the senior leadership with him to Globalstar, "a complete abandonment of XCOM's mission" that left behind a shell of a company. And he failed to seek investor approval for the transaction, the suit says.

Globalstar's stock, meanwhile, is up 400% since its deal with XCOM, according to the legal filing.

The Emirati firms are represented by Young Conaway Stargatt & Taylor LLP. Globalstar and Jacobs haven't yet made court appearances.

The case is Kolaghassi Cap. Ltd. v. Virewirx Inc. , Del. Ch., No. 2026-1134, complaint unsealed 9/3/26 .

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23andMe Judge Allows Reduced Fees for Some Data Breach Law Firms

Sept. 4, 2026, 11:46 AM PDT

Summary by Bloomberg AI AI Generated

- A bankruptcy judge ruled that class counsel can allocate a fee award based on a formula that discounts the work of some law firms in a $46.8 million settlement against a genetic testing company.
- The formula awards all out-of-pocket expenses for each firm involved in the multidistrict litigation since October 2023, but only 20% for time logged before June 2024 when class counsel was appointed.
- The judge overruled objections by law firms that argued the fee allocations significantly reduce the value of the work they did before the appointment of the lead counsel, saying the formula is "appropriate and possibly generous in its treatment".

Class counsel handling a $46.8 million settlement in data breach litigation against the genetic testing company formerly known as 23andMe can dole out attorneys' fees based on a formula that discounts the work of some law firms, a bankruptcy judge ruled.

Co-lead class counsel can decide how to allocate a fee award equaling 25% of the settlement amount, or about $11.6 million, Judge Brian C. Walsh of the US Bankruptcy Court for the Eastern District of Missouri said in an order issued Thursday.

Walsh overruled objections by law firms Reese LLP, Laukaitis Law LLC, and Cole & Van Note, which argued the fee allocations significantly reduce the value of the work they did before the appointment of the lead counsel. Class counsel's formula is "appropriate and possibly generous in its treatment," Walsh said at a Thursday hearing.

Attorneys for firms Stueve Siegel Hanson LLP, CaseyGerry, and Keller Rohrback LLP were appointed co-lead class counsel in the multidistrict litigation and affirmed by the bankruptcy court in October 2025.

Walsh also rejected arguments by objecting firms that federal bankruptcy rules and class action precedents require him to allocate the funds.

“Neither the cases nor common sense requires me to personally allocate more than $11 million for 30 law firms from scratch,” Walsh said at the hearing.

The $46.8 million settlement approved by Walsh in July stems from a customer data breach that 23andMe announced in October 2023. The breach affected nearly 7 million customers and prompted more than 40 class actions filed and later centralized in the Northern District of California.

Class counsel in August moved to approve distributions of funds based on their own formula. Objecting firms called the allocations unfair and legally deficient, arguing their lawyers were instrumental in organizing and funding two initial mediations in January and March 2024 that they said ultimately led to a $30 million prebankruptcy settlement.

The three objecting firms said class counsel didn’t provide detailed time sheets and that one of the 30 firms participating in the multidistrict litigation was already compensated through a separate $9 million arbitration settlement. Class counsel also failed to credit the three firms with work in late 2025 and early 2026 that included objecting to how class counsel was executing the $30 million settlement, they said.

But class counsel said the three firms’ early mediations didn’t lead to the prebankruptcy settlement, which they said occurred only after they were appointed and a third mediation took place in June 2024. They also said the firms’ hours were already questioned in the multidistrict litigation in California as possibly duplicative, and that bankruptcy rules requiring detailed time sheets didn’t apply because the funds weren’t coming from the bankruptcy estate.

Walsh approved the class counsel formula awarding all out-of-pocket expenses for each firm involved in the multidistrict litigation since October 2023, but only 20% for time logged before June 2024 when class counsel was appointed. The formula awards all fees for time billed after the appointment plus a multiplier of 1.5 to reward those firms allowed to work under the court’s protocol, according to court papers.

The former genetic testing firm, now known as Chrome Holding Co., filed for Chapter 11 in March 2025. It sold most of its assets last year to its co-founder and a related nonprofit for more than $300 million. The bankruptcy court approved a liquidation plan in November that includes settlements with data breach creditors.

The case is Chrome Holding Co. , Bankr. E.D. Mo., No. 25-40976, order 9/3/26 .

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Manage Newsletters

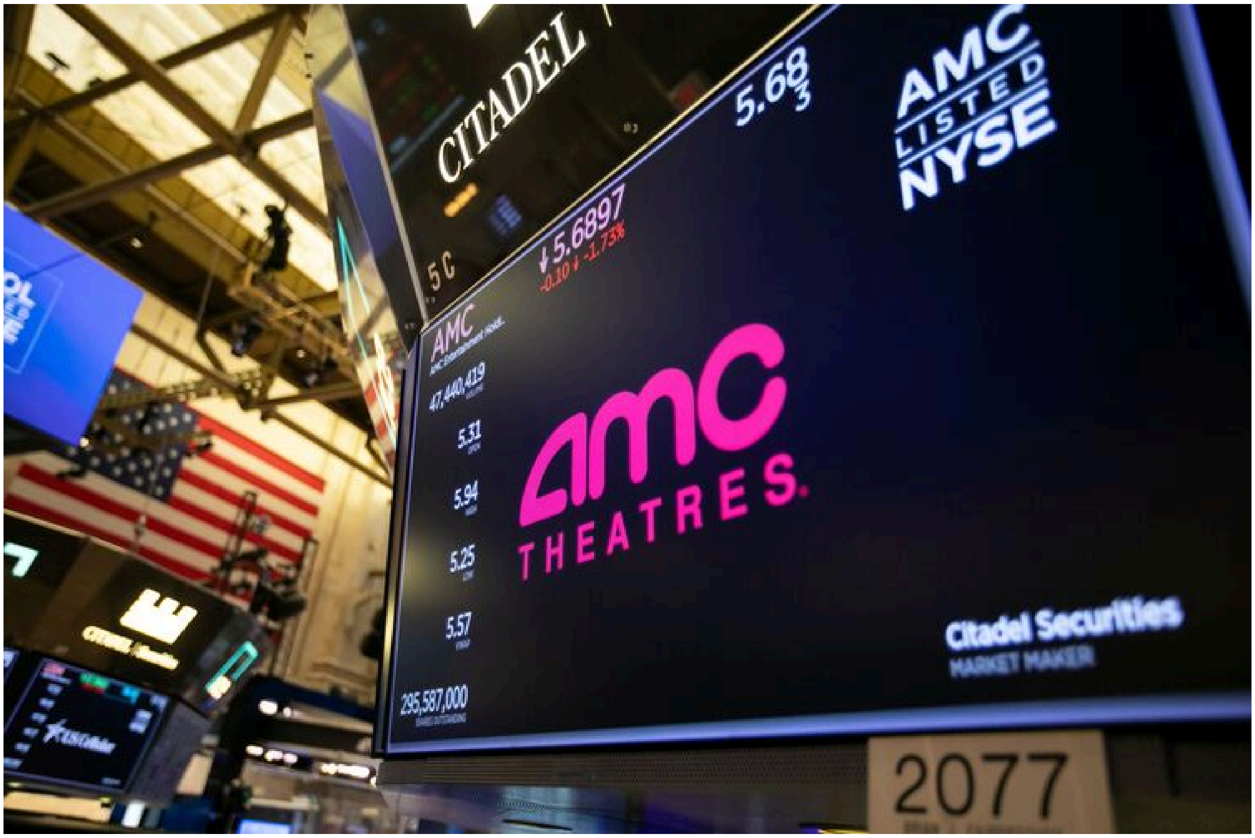
AMC-Robinhood Feud Shows Cracks in Tokenization Spree (2)
Sept. 4, 2026, 8:56 AM PDT

Summary by Bloomberg AI AI Generated

- AMC Entertainment Holdings Inc. Chief Executive Officer Adam Aron criticized Robinhood Markets Inc. for trading a token bearing the theater chain's name without AMC's involvement, calling it "contemptible" and "outrageous".
- Aron argued that tokenized shares create competition for liquidity and undermine the authority of shareholders, and demanded that Robinhood cease trading the token, saying it could confuse investors and limit firms' fundraising capabilities.
- Robinhood Chief Executive Officer Vlad Tenev responded to Aron's concerns by asking "What's the concern", prompting a lengthy response from Aron outlining his objections to tokenized shares and their potential impact on investors and companies.

The craze for tokenizing shares on the blockchain has ignited a public spat between two men who were once hailed as heroes of the meme-stock era.

AMC Entertainment Holdings Inc. Chief Executive Officer **Adam Aron** traded barbs with his counterpart at Robinhood Markets Inc. on Thursday and Friday after discovering a token bearing the theater chain’s name was trading on the brokerage’s blockchain. AMC had no involvement in creating the product, he said, dubbing it “contemptible” and “outrageous” and demanding that Robinhood cease trading it.



AMC signage on the NYSE floor.
Photographer: Michael Nagle/Bloomberg
Tokenized stocks are often imitations of actual shares that allow speculators to bet on the direction of prices without having any underlying ownership. Executives from companies affected by this dynamic contend that the tokenized version shouldn't exist because they create competition for liquidity and arguably undermine the authority of shareholders.

Yet Wall Street's drive toward 24/7 trading has popularized tokenized securities because the systems they trade on don't have an off switch, unlike traditional markets.

"This quasi-fake market you are creating on the island of Jersey sows distrust amongst the public about financial markets in general," Aron said in a lengthy X post that included a legal disclosure from Robinhood's website. "There already is distrust in financial institutions, you are potentially making it far worse."

Robinhood Chief Executive Officer Vlad Tenev responded blithely: "What's the concern?"

AMC raises the stakes because it is already publicly traded — and because of its history with Robinhood. During the meme-stock frenzy of January 2021, Robinhood temporarily restricted purchases of AMC and other heavily traded shares as collateral requirements strained the brokerage. Five years later, the two are clashing over the boundaries of access to AMC's stock.

Their feud between Aron and Tenev also sparked lots of commentary from people on both sides of the tokenization debate, underscoring how fierce emotions run about that issue.

Advocates see it as a way to widen access and offer faster settlement, while critics warn that synthetic shares blur the line between price exposure and actual ownership. AMC's objection echoes a rebuke from ChatGPT-creator OpenAI last year, after Robinhood offered tokens tied to the privately held artificial-intelligence company.

The company issued a public statement at the time saying it didn't endorse OpenAI tokens, and pointing out that they aren't the same as actual equity, adding: "Please be careful."

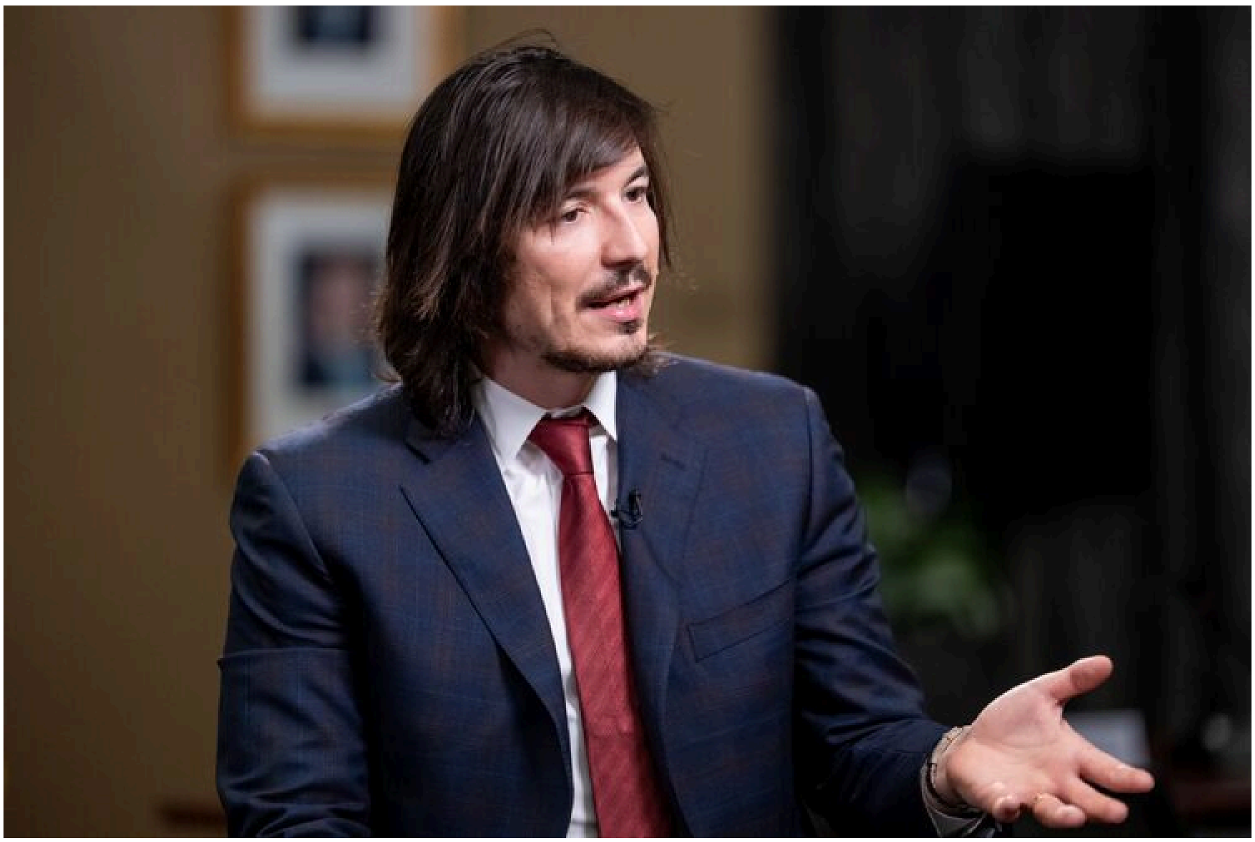
Read more: OpenAI Casts Doubt on Robinhood's New Tokenized Equity Products

Nonetheless, tokenization is full steam ahead across exchanges, brokers and market-infrastructure firms. Already popular among digital-asset platforms, traditional exchanges including Nasdaq and the New York Stock Exchange are now pursuing tokenized-share initiatives. The SEC meanwhile, is preparing a Sept. 17 roundtable on 24-hour US equities trading.

Meme Fuel

For AMC, it's only the latest example of management leveraging social media to get support for corporate initiatives.

The theater chain avoided bankruptcy during the Covid-19 pandemic, partly by encouraging supporters online, who sent its share price soaring. Aron used that viral popularity to sell hundreds of millions of dollars' worth of stock, giving AMC a lifeline to resuscitate its business even after pandemic business closures were over.



Tenev during a Bloomberg Television interview on Aug. 20.
Photographer: Daniel Heuer/Bloomberg

In his X rant starting Thursday evening, Aron called Robinhood's product "contemptible" and "outrageous." In response to Tenev's question, he said his concerns are "almost existential," arguing that tokenized shares could confuse investors about what they own, strip them of voting rights and limit firms' fundraising capabilities — all common critiques from the anti-tokenization crowd.

Aron called on Robinhood to remove AMC stock tokens, and said AMC would raise the matter with the US Securities and Exchange Commission .

Neither company has responded to requests for comment. AMC shares rose as much as 10% on Friday, while Robinhood's fell nearly 4% at one point.

(Rewrites throughout, adds details about OpenAI and share prices.)

Anthropic Finalizing $15 Billion Pre-IPO Credit Facility (2)

Sept. 4, 2026, 5:26 AM PDT

Summary by Bloomberg AI AI Generated

- Anthropic PBC is set to finalize an expansion of its revolving credit facility to $15 billion, according to people familiar with the matter, before the artificial intelligence firm's public filing for its highly anticipated IPO.
- Morgan Stanley is leading the process, with Goldman Sachs Group Inc. and JPMorgan Chase & Co. also having prominent roles on the facility, along with Citigroup Inc.
- The credit facility would exceed the company's roughly $10 billion target, and details of the loan could still change, the people said, asking not to be identified as the information isn't public.

Anthropic PBC is set to finalize an expansion of its revolving credit facility to $15 billion, according to people familiar with the matter, clearing a hurdle before the artificial intelligence firm's public filing for its highly anticipated IPO.

Morgan Stanley is leading the process, the people said. Goldman Sachs Group Inc. and JPMorgan Chase & Co. also have prominent roles on the facility, along with Citigroup Inc., they said. The four lenders are also leading the IPO, Bloomberg News has reported.

The Claude chatbot maker is seeking to raise as much as SpaceX or more in the initial public offering, people familiar with the preparations have said. Companies typically finalize the revolver before they notify banks of their formal roles in a listing.

Barclays Plc and Wells Fargo & Co. are also expected to have key roles on the loan, the people said. Bank of America Corp., Deutsche Bank AG, Royal Bank of Canada, and UBS Group AG are also high in the credit facility's lineup, they said.

Generally, in syndicated loans, the higher the commitment of a bank, the higher the fees it gets paid by a borrower. When a large capital markets transaction is expected, a higher ranking in a loan is likely to correspond to a more active role in the upcoming deal.

Bank of Montreal, BNP Paribas SA, Credit Agricole SA, Mizuho Financial Group Inc. , Mitsubishi UFJ Financial Group Inc. , Sumitomo Mitsui Financial Group Inc. and Toronto-Dominion Bank are also on the so-called revolver, the people said.

The credit facility would exceed the company's roughly $10 billion target, Bloomberg News reported in August.

Anthropic had asked the most active banks leading the credit line to lend about $1.25 billion each, with the next level of active banks being encouraged to offer around $1 billion, and with the commitments dropping to roughly $750 million and lower for less active roles, Bloomberg reported.

Details of the loan could still change, the people said, asking not to be identified as the information isn't public. Representatives for Anthropic, Goldman Sachs, JPMorgan, Citigroup, Barclays, Wells Fargo, Bank of America, UBS and Credit Agricole declined to comment. The other banks didn't respond to requests for comment.

The revolving credit line is substantially larger than the $2.5 billion five-year facility Anthropic secured last year, with participation from Morgan Stanley, Barclays, Citigroup, Goldman Sachs, JPMorgan, Royal Bank of Canada and MUFG, according to a LinkedIn post at the time.

The AI developer's race to go public gives it an opportunity to follow the lead of companies like SpaceX, which expanded its revolving credit facility to $5 billion in May from an earlier $1.5 billion, the prospectus showed, just a month before its record-breaking IPO. The bank lineup on that offering was substantially the same as those working on the IPO.

Landing a top spot working on a large IPO not only promises a bigger share of the fees than the rest of the banks, it also helps bolster a bank's ranking in the league tables. JPMorgan has the top ranking in Bloomberg's US equity offerings table for 2026, thanks in part to its role on SpaceX's record-setting $86.2 billion debut, including the over-allotment.

The AI race has fired up the IPO market, with US listings this year raising $160.6 billion, excluding blank-check firms and other financial vehicles, according to data compiled by Bloomberg. That's the most raised in a year since 2021, the data show.

Anthropic is on track to generate annualized revenue of over $65 billion based on its current performance, up more than sevenfold from its pace at the end of last year, Bloomberg News reported.

(Updates bank responses in ninth paragraph.)

--With assistance from Liana Baker and **Shirin Ghaffary**.

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Bloomberg Law

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BNBuilders Employee Stock Plan Lawsuit Settles for $5 Million

Sept. 3, 2026, 10:34 AM PDT

BNBuilders Inc. agreed to a $5 million class settlement in a lawsuit by workers who say they were given a bad price when the construction firm became worker-owned through an employee stock ownership plan.

The proposed deal, which represents between 16% and 24% of the case's potential damages, would provide more than 600 class members with average gross recoveries of $7,500 each, the workers said Wednesday in a motion seeking preliminary approval from Judge John H. Chun of the US District Court for the Western District of Washington.

The year-old lawsuit challenges a 2021 transaction in which BNBuilders shareholders sold their stock to a newly-established ESOP for $206 million

Workers say this purchase price didn't reflect factors like supply chain disruptions and persistent inflation, or the stock plan's failure to obtain true control of the company despite purportedly acquiring 100% of its stock

Chun hasn't ruled on the merits of the dispute

Cohen Milstein Sellers & Toll LLP and DeBofsky Law represent plaintiff Eric Schlueter and the proposed class. The defendants are variously represented by Bryan Cave Leighton Paisner LLP and Jackson Lewis PC.

The case is Schlueter v. BNBuilders, Inc. , W.D. Wash., No. 2:25-cv-01713, settlement motion 9/2/26 .

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Judge tosses privacy claims against Adobe over online tracking

DJ dailyjournal.com/articles/394143-judge-tosses-privacy-claims-against-adobe-over-online-tracking

Plaintiffs accusing Adobe of secretly tracking their activity across websites failed to show they had a reasonable expectation that their online data would remain private, a federal judge ruled Wednesday in dismissing the lawsuit with leave to amend.

U.S. District Judge Noël Wise found that simply alleging users did not consent to Adobe's tracking was insufficient, citing previous rulings holding that internet activity generally carries a diminished expectation of privacy.

"But as many courts have found, '[g]enerally, the internet is not a place where users have a reasonable expectation of privacy,'" Wise wrote, quoting Chief U.S. District Judge Dana M. Sabraw's 2024 ruling in Thomas v. Papa Johns Int'l, Inc. "To that end, Plaintiffs must do more than merely assert that they did not consent to the tracking devices."

The case is *In re: Adobe Data Tracking Litigation*, 5:25-cv-03032 (N.D. Cal., filed April 2, 2025).

The plaintiffs allege Adobe collects data without users' consent across websites employing its software, assigning users identification numbers that allow the company to follow their activity across sites and use the information for targeted advertising.

Represented by Milberg LLC, Lowey Dannenberg PC and DiCello Levitt LLP, the plaintiffs brought claims under the California Invasion of Privacy Act, the California Comprehensive Computer Data Access and Fraud Act and the state constitutional right to privacy, along with common law invasion of privacy and other claims.

Adobe, represented by Arnold & Porter Kaye Scholer LLP, moved to dismiss, arguing in part that the plaintiffs had not adequately alleged that the company lacked consent to collect their data.

Wise agreed that the complaint fell short.

She also dismissed the plaintiffs' claim under California's Unfair Competition Law, finding they had not shown why damages available under their other causes of action would be inadequate.

"Plaintiffs do not assert that the monetary damages (including punitive damages) available from their CIPA, common law invasion of privacy, California Constitution, and CDAFA claims -- assuming Plaintiffs adequately amend -- will be 'inadequate or incomplete' to address Plaintiffs' monetary or property losses, the alleged on-going behavior by Adobe, or the benefit provided to Adobe from using Plaintiffs' data," Wise wrote.

With the underlying claims dismissed, Wise found the plaintiffs' unjust enrichment claim and request for injunctive relief could not survive independently.

She gave the plaintiffs 21 days to file an amended complaint and stayed discovery in the meantime.

The plaintiffs first sued Adobe in April 2025 and filed a consolidated complaint in October. Adobe moved to dismiss in December.

The lawsuit is among a wave of privacy cases challenging website tracking under CIPA, a 1967 wiretapping statute that plaintiffs have increasingly used to target cookies and other online data-collection technologies.

The ruling also comes as California lawmakers move to narrow some of those claims. Earlier this week, the Legislature passed SB 690, which would restrict enforcement involving online data collection under CIPA's pen register provision to the attorney general.

SEC Deregulates Exchange Orders, But Why?

law.com/newyorklawjournal/2026/09/03/sec-deregulates-exchange-orders-but-why

J. Scott Colesanti critiques a bold policy reversal by the SEC which proposes an end to the rules buttressing the national market system. If finalized, the change will remove stock exchanges from the obligation of posting the best available price for a security.

As a response to the Great Depression, the Securities Exchange Act of 1934 imposed strict government regulation of stock exchanges. Since 1975, Congress has demanded that these storied market centers link and display the best stock price for most securities listed for trading (wherever such bid/price may reside). Concomitantly, since 2005, the Securities and Exchange Commission has imposed a set concrete rules and penalties for avoidance upon market centers for not displaying and honoring the best national best bid and offer (the “NBBO”).
Yet, in June of this year, the SEC proposed abandoning required best pricing (the “Rescission”) for reasons not manifestly clear.

This article examines the distinctly American “National Market System” and the SEC’s recent proposed radical changes thereto. In sum, while technology and fate most definitely support a reexamination of the existing protocol, the SEC’s rush to eliminate the most noble of investor protections bodes poorly for our system of checks and balances, in general, and for notions of best pricing for investors, in particular.

Background

At present, 17 exchanges are registered with the SEC sell securities. Securities are not sold by such exchanges directly to investors, but through intermediaries such as broker dealers. Separately, approximately 80 entities are registered as “ATS” systems are authorized to similarly sell stock; further, registered broker-dealers can sell stock to investors directly from internal accounts. Collectively, this trio of sellers enable the overwhelming majority of sales of publicly traded securities.

In 1975, as part of a range of amendments which included abolishing fixed commission rates, Congress added Section 11A to the Act “to remove barriers to competition, [and] to foster the development of a national securities market system and a national clearance and settlement system….” Securities Acts Amendments (1975; 94th Congress S. 249) - GovTrack.us. Specifically, the statute commanded the SEC to take action to create linked markets displaying and honoring best available prices throughout the country:

The [Securities and Exchange] Commission is directed, therefore, having due regard for the public interest, the protection of investors, and the maintenance of fair and orderly markets, to use its authority under this chapter to facilitate the establishment of a national market system for securities (which may include subsystems for particular types of securities with unique trading characteristics)…The Commission, by rule, shall designate the securities or classes of securities qualified for trading in the national market system from among securities other than exempted securities…

15 U.S.C. §78k(a)(2). The ensuing subsection directed the SEC to ensure that Exchanges were “to act jointly with respect to matters as to which they share authority under this chapter in planning, developing, operating, or regulating a national market system (or a subsystem thereof) or one or more facilities thereof.”

Finally, the same Section 11A legislated the means by which national best pricing would be effectuated, namely through the creation and registration with the SEC of “securities information processors” (“SIPs”) which would accumulate and distribute prices among the varied exchanges.

It was widely noted that Congress was not shy about granting the SEC plenary power here. Seligman, *Rethinking Securities Markets*, 57 Business Lawyer 637 (Feb. 2002)(noting that “Congress granted the Commission ‘pervasive’ authority to regulate market information, regardless of who owned the data.”).

The subsequent construction of the “National Market System” was neither immediate or expedient. A series of S.E.C .rules ensured both universal display of quotes and protection of best pricing. For example, in 1980, theSEC “adopted the Vendor Display Rule” 11Acl-2 to facilitate intermarket price competition.

This gradual approach culminated in the adoption of comprehensive Regulation NMS in 2005. That thorough dictate expressed in clear terms that each individual exchange would be expected to advertise and match the best prices for covered securities:

Each national securities exchange shall at all times such exchange is open for trading, collect, process, and make available to vendors the best bid, the best offer, and aggregate quotation sizes for each subject security listed or admitted to unlisted trading privileges which is communicated on any national securities exchange by any responsible broker or dealer.

Indeed, the Reg NMS 2005 adopting release boasted that the new codification were designed to “modernize and strengthen the regulatory structure of the U.S. equity markets.” SEC Release No. 34-51808 (June 9, 2005).

The Order Protection Rule (i.e., Rule 611) mandated that, subject to limited exception, exchanges prevent execution of trades at prices inferior to those communicated by other exchanges). Further, the "Access Rule" (i.e., Rule 610) prohibited markets from acting to "lock or cross" markets via maneuver of bids.

And thus have exchanges operated since 2005. Such national broadcasting largely ensures that an investor agent dealing with a local exchange obtains the most favorable price quoted by the largest exchange (and vice versa). While "trade throughs" (i.e., trades at a price inferior to one listed elsewhere) are not expressly punishable, exchange rules must educate membership and hold same accountable to efforts at preventing occurrence.

The protocol is far from theoretical. Currently, Exchanges oblige all relevant market participants to adhere to Regulation NMS and punish firms for failing to implement procedures *See, e.g.*, NYSE Regulatory Memo 25-12. In turn, SEC Enforcement actions against Exchanges have ensured adherence to the regimented protocol. *See, e.g.,* Decision_URE-411-03-Cboe-BZX-_Vision-Financial-Markets-LLC_Redacted.pdf

Retail web sites continue to laud the National Market System, in clear and fervent terms ("ensure[s] that investors received the best available price regardless of where an order was executed. The law did not create a single exchange. It mandated connectivity and transparency across existing ones." 1975 Amendments Mandated National Market System—Headcount Coffee).

Enter the Sandman

In June of this year, the SEC declared that the agency was summarily rescinding Rule 610(e) and the entirety of Rule 611of Reg NMS (i.e., the core of the National Market System). The accompanying rule proposal characterized the Order Protection Rule/Rule 611 as "the most significant and controversial piece of Regulation NMS." SEC.gov | SEC Proposes Rescission of Regulation NMS Rules 611 and 610(e).

In the main, the move—which was concurrently acknowledged as possibly creating "unintended consequences"—was touted by the agency as "promoting competition and fostering innovation among trading centers and executing brokers."

The SEC declared obsolete the need for connectivity, asserting that today's retail investors "have widely available access to market data and execution quality information." Curiously, the proposal supported these comments by referencing two nondescript roundtables from 2025, whereat industry participants reportedly communicated objections to the protocol ranging from technical problems to unspecified costs.

Not surprisingly, the Rescission has inspired a healthy amount of Public Comment. These Comments reveal an interesting alliance of concerns. An industry expert opined, "Investors are being asked to give up a critical protection that has existed for two decades without adequate consideration of the investor-protection concerns raised by the [Rescission]." A sole individual investor remarked, "I oppose the proposed changes. They increase the instability of market activities at a time when greater stability is needed."

Even supporters of progress from entities that might benefit from the Rescission voiced alarm: A newer exchange that previously requested temporary exemption from parts of Reg NMS cautioned, "Although most retail investors are unfamiliar with the mechanics of the NBBO, they benefit from the confidence that the displayed market reflects the best protected quotations across the National Market System, regardless of which brokerage platform they use."

Analysis

The Rescission reveals more optics than empirical justification. Further, the resultant "lower bar" to entry for market centers cannot automatically be linked to lower costs for investors. The proposal is thus problematic for at least three reasons.

First, the case for change was never made. The SEC proposal blandly posits that the times demand updating. The formal filing, at best, briefly chronicles disparate misgivings on the status quo while placing comparison shopping on the consumer or their agent. This new consumer duty seems overwhelming as these same exchanges race towards 24-hour a day trading hours. Moreover, by reminding in its proposal that Rule 611 prompts exchanges to lower prices, the SEC is heralding the efficacy of the measure.

Second, the Rescission simply projects a bad look for exchanges, which thrive today in large part as symbols of fairness in trade. The specter of uniquely American stock market egalitarianism alone benefits countless market centers, broker-dealers and other intermediaries. Witness the Internet lure of one major domestic player: "With the world's largest and most liquid market, you have less risk of market manipulation and a better chance of finding a small spread and a buyer or seller of any stock at any time." International.schwab.com/why-the-us.

Third, the lack of deference by the SEC to Congressional sets a daunting precedent. Stated bluntly, the 2024 elimination of the *Chevron* doctrine is of little consequence. Even if a court were to take up challenge to the Rescission, the *Loper Bright* decision reaffirmed court deference to agency re-interpretations of existing rules. *See Kisor v. Wilkie* (2019).

Finally, there is no clear champion for the investor the present issue – that role was expressly reserved for the SEC in 1934. It is not clear what is to become of the SIPs, an entire reporting industry specifically requested by Congress in 1975. Additionally, the Rescission - if finalized – acts as gateway to an era wherein costs of stock trading shall become less uniform, and investors shall unknowingly pay more than in the past.

Simply put, the mechanism which best guaranteed their agent's good faith effort at avoidance of costs (i.e., the NBBO) shall disappear. Individual exchanges/intermediaries shall likely race to the most advantageous pricing. True investor losses shall become opaque amidst indirect surcharges and colorful burdens such as "payment for order flow."

One can hope that the agency shall, as promised in June, review carefully the data and Comments; then again, the current SECChair was the lone holdout when Reg NMS was implemented 20 years ago.

Conclusion

The consumer angst in America at this juncture may be ineffable. Such zeitgeist alone creates a dangerous climate for the SEC's proposed abolition. Significantly, investment regulation is currently under public attack. The watchdog C.F.T.C. not only announced that it alone shall oversee prediction markets: The agency sued four states to legally exclude local cops from the beat.

Even if it were proposed in more consumer-friendly times, the SEC. Rescission is both hasty and inadequately supported. While two key American market centers largely house our pensions and college savings plans, it is not ordained that the NYSE and NASDAQ shall continue to dominate the roster of worldwide marketplaces.

The best argument for the historic model may have be a hard-earned reputation at home and abroad for adhering to a distinctly American notion of best pricing. Tools such as Reg NMS and the NBBO solidified this international goodwill. Removing a government surveillance of daily pricing has the primary effect leaving customers large and small to the whims of wherever brokerage houses decide to do business.

To be sure, the SEC is sending harsh signals of investor abandonment in 2026. Operating with only three (all Republican) Commissioners, the world's most feared regulator has trumpeted a softer hand as evidenced by far fewer enforcement actions and the announcement that corporate disclosures shall decrease in frequency.

Yet the redirection occasioned by the Rescission appears personal. No exchange (ersatz or otherwise) has openly protested Regulation NMS as burdensome. To the contrary, Wall Street profits reached record highs in 2025; this trend continues into 2026.

Presumably, the proposed demise of Reg NMS and its attendant costs and attention was prompted by one or more market centers seeking to survive the tsunami caused by the threatening rise of crypto and other markets. But the results demonstrate that the National Market System was never just a Quixotic goal, and that the current generation's preeminence of American markets was not by accident.

Simply put, the proposition that the National Market System should be written off as a 20-year experiment is flawed at best. The SEC is not proposing rules; it is simply eradicating. And such action is proposed not in a vacuum but rather in opposition to a clear mandate from the federal legislature.

Concurrently, the avoidance of Congressional will without even a hint of a replacement infrastructure taxes even the firmest believer in agency hegemony. Agencies are mentioned nowhere in the Constitution. How ironic that one resists express Congressional intent, a dangerous tactic on so many levels apparently prodded by ideological deregulation is search of a purpose.

Bloomberg Law

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Rent the Runway Reaches $9 Million IPO Investor Settlement (1)

Sept. 4, 2026, 8:32 AM PDT; Updated: Sept. 4, 2026, 11:07 AM PDT

Summary by Bloomberg AI

AI Generated

- Rent the Runway Inc. agreed to pay $9 million in cash and stock to resolve allegations that the company and its IPO architects misled investors about shipping costs.
- The proposed settlement class includes those who got Rent the Runway shares traceable to its 2021 IPO documents, and the deal would resolve allegations against the company, its executives and board members, and underwriters of its market debut.
- The allegations included that Rent the Runway switched shipping carriers and faced related costs without telling investors, and that IPO documentation painted an overly rosy picture of the company's recovery from the Covid-19 pandemic.

Rent the Runway Inc. agreed to shell out $9 million in cash and stock to resolve allegations that the clothing company and architects of its initial public offering misled investors about shipping costs in the lead up to the market debut.

The proposed settlement class includes those who got Rent the Runway shares traceable to its 2021 IPO documents, investors told the US District Court for the Eastern District of New York on Thursday.

Under the deal, Rent the Runway would provide $6 million in cash and $3 million worth of common stock. Of the cash, the company will contribute about $3.1 million and its insurers will cover about $2.9 million, according to a filing with the Securities and Exchange Commission.

If approved, the agreement would resolve allegations against Rent the Runway; executives and board members who oversaw its IPO paperwork including actor Gwyneth Paltrow; and underwriters of its market debut. They denied wrongdoing through the settlement.

Judge Orelia E. Merchant reiterated last year that retirement funds leading the case adequately alleged shipping cost statements were misleading.

Rent the Runway switched shipping carriers and faced related costs without telling investors, the suit said. IPO paperwork only warned of potential costs while transitioning vendors despite the change having already happened.

Merchant trimmed other claims, including one alleging IPO documentation omitting $6 million was lost in revenue due to theft and statements on clothing insurance coverage.

The funds alleged the Covid-19 pandemic ravaged Rent the Runway's business in 2020, but IPO documentation painted an overly rosy picture of its recovery.

Labaton Keller Sucharow LLP is lead counsel for the proposed settlement class. Freshfields US LLP represents Rent the Runway and leaders who signed the IPO documents. Willkie Farr & Gallagher LLP represents the IPO underwriters also named as defendants, among them units of Goldman Sachs, Morgan Stanley, and Wells Fargo.

None of these law firms nor Rent the Runway immediately responded to emails seeking comment.

The case is Sharma v. Rent the Runway, Inc. , E.D.N.Y., No. 1:22-cv-06935, motion 9/3/26 .

(Updates in third paragraph with information from SEC filing about insurers' contribution to settlement.)

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Law firms Kirkland, Skadden to pay $2 million as sanction in Medicare reimbursements case

reuters.com/legal/government/law-firms-kirkland-skadden-pay-2-million-sanction-medicare-reimbursements-case-2026-09-03

Sept 3 (Reuters) - Law firms Kirkland & Ellis and Skadden Arps have agreed to pay $2 million in sanctions after a federal judge in Georgia determined they helped a client they were defending in a False Claims Act lawsuit hide records and make false representations.

The $2 million payment will be used to promote "instruction on the subjects of ethics and professionalism in Georgia's accredited law schools," U.S. District Judge Marc Treadwell said in an order, opens new tab on Wednesday.

Treadwell ruled in June, opens new tab that the firms and their client, electronic health records vendor eClinicalWorks, made false representations about the work performed by a cybersecurity firm that was retained by eClinicalWorks and Skadden to provide consulting and expert testimony.

eClinicalWorks' "misconduct—its own and misconduct imputed from its lawyers—constitutes subjective bad faith," Treadwell said in the June order, finding that the company "repeatedly lied" to the court "for strategic gain."

Spokespersons for eClinicalWorks, Kirkland and Skadden did not immediately respond to requests for comment.

Treadwell in his sanction ruling singled out Skadden partner Richard Bernardo and Kirkland partner Geoffrey Wyatt, finding they repeatedly relied on an expert witness for eClinicalWorks despite knowing he gave false testimony. Bernardo and Wyatt did not immediately respond to requests for comment.

Rob Snyder of law firm Cannella Snyder, who represented the information technology provider that brought the case, said he was grateful the court held eClinicalWorks' lawyers accountable.

Treadwell had sanctioned eClinicalWorks multiple times for withholding evidence in the lawsuit, which in part accused the records vendor of falsely certifying that its software complied with federal regulations, thereby allowing medical providers to obtain larger Medicare reimbursements from the government than they otherwise would have.

eClinicalWorks, which denied the claims in the lawsuit, settled the case after Treadwell issued his sanctions order in June.

California Brief

Manage Newsletters

Roblox Loses Arbitration Bid, Will Fight In-Game Safety Suit

Sept. 3, 2026, 1:46 PM PDT

Summary by Bloomberg AI

AI Generated

- Roblox Corp. lost its arbitration bid in a lawsuit from parents accusing it of deceptive business practices after a federal appeals court determined the gaming giant waived its right to do so.
- The US Court of Appeals for the Ninth Circuit said Roblox waived its arbitration right since it spent nearly a year litigating the merits of the case in court before attempting to invoke its arbitration clause.
- The parents filed their class action lawsuit against Roblox for allegedly misleading them about platform safety while their children spent thousands of dollars on the gaming site, which they claim is a violation of consumer protection laws.

Roblox Corp. lost its arbitration bid in a lawsuit from parents accusing it of deceptive business practices after a federal appeals court determined the gaming giant waived its right to do so.

Roblox waived its arbitration right since it spent nearly a year litigating the merits of the case in court before attempting to invoke its arbitration clause, the US Court of Appeals for the Ninth Circuit said in an unpublished memorandum on Thursday. The appeals court's majority affirmed a district court's decision to deny Roblox's motion to compel arbitration.

"In sum, a party cannot ask the district court to dismiss a complaint on the merits, holding in reserve a claimed right to arbitrate that will be exercised only if it does not like the district court's decision," the majority said.

Three parents filed their class action lawsuit against Roblox for allegedly misleading them about platform safety while their children spent thousands of dollars on the gaming site, which they claim is a violation of consumer protection laws. The parents claim they spent between $500 and $5,000 on Robux, the platform's virtual currency, believing Roblox was safe for children.

Roblox has been at the center of scrutiny over the platform's ability to protect its child users from strangers online. Many states have launched investigations and litigation into Roblox's kids' safety protocols. Other similar litigation has been consolidated in the Northern District of California.

The suing parents alleged their children encountered, among other things, sexual messages, grooming by adults, and links to pornography websites on Roblox's platform, according to their complaint.

The majority applied a two-part waiver test requiring knowledge of the right to compel arbitration and intentional acts inconsistent with that right and found that Roblox satisfied both elements. Roblox could have moved to compel arbitration at the start of the lawsuit rather than after an unsuccessful motion to dismiss and its behavior followed a pattern of waiver.

"Taken together, Roblox's actions are inconsistent with exercising a right to arbitrate," the majority said.

Judges Kenneth Kiyul Lee and Jennifer Sung joined the majority.

Judge Patrick Bumatay dissented, contending the legal standards applied were too novel to support a finding of intentional waiver, and that Roblox's conduct more closely resembled forfeiture than waiver. He warned the ruling penalized Roblox under rules that were not clearly established at the time of its conduct.

"We should not punish Roblox by woodenly applying a rule that is not supported by any precedential examples," Bumatay said.

Andrews & Higgins and Gupta Wessler LLP represent the parents. Skadden, Arps, Slate, Meagher & Flom LLP, Mayer Brown LLP, and Cooley LLP represent Roblox.

The case is Uhl v. Roblox Corp. , 9th Cir., No. 25-5057, unpublished memorandum 9/3/26 .

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SEC Sheds Lawsuit Over Private Accredited Investor Rule Levels

Sept. 3, 2026, 10:06 AM PDT

Summary by Bloomberg AI AI Generated

- The US Securities and Exchange Commission escaped a legal challenge to a rule that sets financial minimums for private investing opportunities.
- Judge Reed O'Connor dismissed the suit on jurisdictional grounds, saying the suing healthcare executive qualifies as a private accredited investor and therefore doesn't have standing to sue.
- The court's decision doesn't resolve the question of whether the SEC may condition access to capital markets on an investor's wealth rather than their knowledge, according to Nick Morgan, the president of Investor Choice Advocates Network.

The US Securities and Exchange Commission escaped a legal challenge to a rule that sets financial minimums for private investing opportunities.

The suing healthcare executive qualifies as a private accredited investor, meaning she doesn't have standing to sue, Judge Reed O'Connor said Wednesday.

Vacating the income and net-worth components of the accredited investor definition wouldn't provide relief to Emily Kapszukiewicz, the US District Court for the Northern District of Texas judge said.

And fund operator Healthcare Shares PBC, which said it was hurt for not being able to have Kapszukiewicz's investment, didn't show it suffered an injury to give it standing because she's an accredited investor, he said.

O'Connor dismissed the suit on jurisdictional grounds. Because Kapszukiewicz is an advisory board member to the fund's manager, she is an accredited investor, the court said.

The court's conclusion illustrates the issue this case sought to address, said Nick Morgan, the president of Investor Choice Advocates Network, which brought the case for the plaintiffs and long advocated for reform of the accredited investor definition.

“Ms. Kapszukiewicz used two independent commercial verification services — the same services issuers rely on every day to confirm accredited investor status — and both told her she did not qualify,” Morgan said in an emailed statement. “The SEC’s position, now adopted by the Court, is that she was accredited all along.”

“When the definition is opaque enough that the market’s own verification infrastructure and the Commission’s own lawyers reach opposite answers about the same investor, that is not a workable standard for deciding who may participate in America’s private capital markets,” he said.

Financial standards for who can invest in entities like startups and private companies arbitrarily blocks qualified individuals, their challenge said. Individuals qualify as accredited investors for private investment opportunities if they make $200,000 annually for two years — $300,000 with a spouse — have a net worth of over $1 million, or meet certain “financial sophistication” criteria.

Healthcare Shares signed an adviser agreement with Kapszukiewicz last year, but her net worth and annual income fell short of the thresholds to invest in the fund, the suit said.

The lawsuit was filed after the US House of Representatives passed a bill to broaden the definition of accredited investors. Chairman Paul Atkins’ SEC meanwhile has said it is taking a look at rules that limit investing in private funds.

ICAN’s Morgan said they were reviewing the court order for next steps.

“Nothing in the order resolves the question at the center of this case: whether the SEC may condition access to most of the U.S. capital markets on how much money an investor has rather than what she knows,” Morgan said. “That question is not going away.”

The SEC, which represents itself, didn’t immediately respond to an email seeking comment.

Texas-based law firm Gray Reed also represents Kapszukiewicz and Healthcare Shares.

The case is Kapszukiewicz v. SEC , N.D. Tex., No. 4:25-cv-00975, 9/2/26 .

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Week in review: What lawyers are reading on Westlaw Today (9/4/26) | Secondary Sources | XX

today.westlaw.com/Document/I150ba8e9a88811f1a1eff94c7de3b187/View/FullText.html

Week in review: What lawyers are reading on Westlaw Today (9/4/26)

California lawmakers pass bill governing lawyers' use of AI

California's legislature has approved a first-of-its-kind state law setting rules for how lawyers are permitted to use generative artificial intelligence in their work.

Read more: https://bit.ly/4xDu48d

Key U.S. bar exam score suggests poorer showing on latest test

Average scores for the July 2026 national bar exam and declining outcomes among the first three states to report test results suggest that lower pass rates will be the norm this year for the attorney licensing exam.

Read more: https://bit.ly/3UY6N2l

Walmart settles U.S. government's opioid lawsuit, which sought billions, for $50 million

Walmart will pay $50 million to settle a U.S. government lawsuit accusing the nation's largest retailer of fueling a nationwide opioid epidemic by unlawfully dispensing prescriptions from its pharmacies, the Department of Justice said Aug. 28.

Read more: https://bit.ly/4ieg3cj

4 boutiques combine to form global insurance policyholder law firm

Four boutique law firms have joined together to create a global law firm with more than 90 lawyers focused exclusively on insurance policyholders and brokers who advise them.

U.S. judge won't block reorganization at USDA, for now

A federal judge in California on Sept. 2 rejected a bid by unions and nonprofits to block a major reorganization at the U.S. Department of Agriculture, but left the door open for them to renew the challenge in a separate lawsuit.

Read more: https://bit.ly/3UY71GJ

Divided 8th Circuit backs Lockton in spat with former members

A federal appeals court has largely sided with insurance broker Lockton Cos. LLC in a dispute with two former members, reversing a lower court's judgment on breach-of-contract and fiduciary-duty claims related to their resignations.

Lowe and behold — insurance brokers are not exempt from New Jersey's Consumer Fraud Act

Michael S. Levine and Joshua Paster of Hunton Andrews Kurth LLP examine the New Jersey Supreme Court's recent decision in Lowe v. Audet, which held that insurance brokers are no longer exempt from the state's Consumer Fraud Act.

NYC healthcare system faces suit in data breach affecting up to 12 million

The nation's largest municipal healthcare system, New York City Health and Hospitals Corp., was negligent and violated federal and state laws by not implementing basic security measures, leaving it open to a massive data breach, a proposed class action alleges.

Healthcare giant McKesson sued over massive data breach

A proposed class action alleges healthcare giant McKesson Corp. failed to protect the sensitive information of tens of millions of patients from a massive data breach discovered in August.

Massive Applebee's, Pizza Hut franchisee sued over data breach

The largest U.S. franchisee of Applebee's and Pizza Hut restaurants failed to protect its employees' personal data from an April data breach, a proposed class action alleges.

Are stablecoins legitimizing the future of digital asset transactions?

Roger E. Barton and Brigette Renaud of Barton LLP examine the evolving U.S. regulatory landscape for stablecoins, focusing on the GENIUS Act, recent SEC interpretations, and legislative proposals that will shape their future in financial transactions.

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Papa John's Hit With Investor Suit Over Slow Transformation

By **Sydney Price**

Law360 (September 3, 2026, 9:47 PM EDT) -- Papa John's has been hit with an investor's proposed class action accusing it of damaging shareholders with overhyped plans to transform the pizza company and regain market share, saying financial results issued last month revealed the transformation is taking longer than expected.

According to the complaint filed by shareholder William Hale on Wednesday, Papa John's purported strategic transformation did not actually prevent any market share losses. In August, Papa John's attributed a "sharp reduction" of its 2026 outlook to, in part, the execution of its own strategy, leading to a nearly 18% share price decline, the suit claims.

"Defendants repeatedly minimized risks associated with the ongoing cautious consumer environment, aggressive promotional campaigns, seasonal fluctuations, and increased competition," the complaint states. "In fact, Defendants specifically claimed their projections were both 'reasonably prudent' and 'derisked.'"

The suit's proposed class period begins Aug. 7, 2025, the day Papa John's announced its financial results for the second quarter of the year, telling investors that the better-than-expected performance was "evidence that our strategy is working," referring to its progress on its transformation strategy. The company also told investors that it was "on the right track to deliver significant, sustainable profitable growth and increased value," the suit states.

For the next several months, Papa John's and its executives continued to issue positive statements regarding the transformation plan, the suit claims. For example, on Nov. 6, 2025, Papa John's CEO Todd Penegor told investors that management was "positioning Papa John's to compete better in 2026" and that the company used a "'balanced barbell' of improving innovation while still competing on value," the complaint states.

The truth emerged, the suit alleges, several weeks ago when Papa John's reported a financial slow-down in its second-quarter 2026 results and acknowledged that the strategic transformation was "taking longer than anticipated." The same day, the company announced it would suspend its monthly dividend beginning with the third quarter of the year in order to "have greater flexibility to make these investments and maintain our strong balance sheet."

At the same time, Papa John's cut projections for several metrics, including for its global restaurant sales, which it now expects to be down somewhere between 2% and 4% for the year. The company also acknowledged that it was losing market share, according to the suit.

"Speaking directly to the Papa Johns' competition and their comparative performance, Defendant Penegor suggested they were losing margins due to additional market entrants from the likes of convenience stores and gas stations while at the same time acknowledging they failed to 'meet the customer' as much as their competitors in terms of discounts and promotional offerings," the suit states.

Following the announcements, shares of Papa John's declined $5.11, or about 18% to close at $24.64 per share on Aug. 6, according to the complaint.

In addition to Papa John's and Penegor, the suit names former Papa John's North American president Ravi Thanawala. The suit accuses them of acting with scienter and violating the Exchange Act.

The suit also alleges that Thanawala's "abrupt" departure in June indicates fraud by the company.

"Ultimately, in the first quarterly update following his departure, North American guidance was gutted, and Papa Johns disclosed the transformation was taking significantly longer than planned," the suit states.

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

Hale is represented by David W. Garrison of Barrett Johnston Martin & Garrison PLLC and Adam M. Apton of Levi & Korsinsky LLP.

Counsel information for Papa John's and the individual defendants was not immediately available on Thursday.

The case is Hale v. Papa John's International Inc. et al., case number 3:26-cv-00685, in the U.S. District Court for the Western District of Kentucky.

--Editing by Emily Kokoll.

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MDL Attys Want Special Master To Vet Meta Privilege Claims

By **Dorothy Atkins**

Law360 (September 3, 2026, 9:29 PM EDT) -- Personal injury plaintiffs' counsel asked a California federal judge Wednesday to appoint a special master to review Meta's attorney-client privilege designations in social media addiction multidistrict litigation, arguing that Meta can't be trusted to review them in light of the judge's recent rulings that certain Meta trial-exhibit redactions were "entirely inappropriate."

The filing comes days after Meta Platforms Inc.'s counsel filed a brief telling U.S. District Judge Yvonne Gonzalez Rogers that the company would voluntarily review its privilege redactions following her recent rulings in a bellwether trial.

The bellwether trial, which was the first to go to a jury in the sprawling MDL, was over claims by 29 states that Meta violated the Children's Online Privacy Protection Act and state consumer protection laws by prioritizing profits over safety and hiding the risks of teen social media use. After four days of testimony, Meta abruptly settled the dispute mid-trial for **$17.1 billion last week.**

But before the parties struck the 11-figure deal, Meta's privilege designations took center stage after Judge Gonzalez Rogers warned Meta during a trial break that its in-house attorney had described **the wrong privilege legal standard** within a document, although the document itself was properly protected as privileged.

The judge admonished Meta, and in a separate instance **during trial** days later, the judge ordered Meta to disclose multiple portions of a document that had been improperly redacted under attorney-client privilege.

Following the settlement, Meta's counsel filed its four-page brief Aug. 31, offering to voluntarily review documents redacted under attorney-client privilege.

Meta notes in its brief that the company has so far withheld less than 2% of all documents it produced, and Meta applied privilege redactions to less than 5% of all documents produced. The produced documents also include thousands of documents involving in-house attorneys bearing "Attorney-Client Privilege" headers, Meta's brief says.

Meta additionally argues that during discovery, it won most of the challenges to its privilege designations before the magistrate judge, and two of the magistrate judge's orders on privilege issues were affirmed by the district judge.

In a footnote, Meta also tried to distance the MDL from the privilege designations at issue in Epic Games Inc. v. Apple Inc., which Judge Gonzalez Rogers repeatedly cited during the states' trial as an example of what could happen if privilege claims are improper.

In that case, Apple had asserted privilege over more than one-third of the responsive documents, which led to a **sanctions** order that Apple is challenging on **appeal**, according to Meta's brief. In the footnote, Meta suggested the portion of documents at issue in that case is distinguishable from this case, in which Meta has only asserted privilege over 2% of all documents produced.

Even so, Meta argued that it wanted to be sure to address the judge's concerns about its privilege assertions.

"It is critical to Meta that its privilege claims are well-founded and address any concerns of the court," Meta's brief says. "For this reason, given the court's recent statements regarding privilege issues, Meta is undertaking a further review of privilege redactions it applied to documents produced in this litigation."

Meta said it would produce any documents that are unredacted on a rolling basis by no later than the end of the year.

In their response brief, plaintiffs' counsel said they welcome a meaningful review of Meta's privilege designations. But they argued that such a review won't be meaningful if Meta controls the process, unilaterally determining the "scope, timing and outcome."

Plaintiffs' counsel argued that the review shouldn't be limited solely to redactions and Meta shouldn't have until the end of the year to review the documents. Such a deadline would be one month before the next bellwether trial in the MDL, and it wouldn't give plaintiffs' counsel enough time to review and potentially use the redacted documents during the scheduled February trial.

"Plaintiffs therefore respectfully request that the court appoint a special master, at Meta's expense, to oversee a review of both redactions and documents withheld in full, with plaintiffs permitted to identify an initial list of 300 priority privilege log entries and redactions for review," the brief says.

Plaintiffs' counsel argued that Meta can't "pat itself on the back" for voluntarily reviewing its initial privilege designations last year, which resulted in thousands of documents being downgraded. The fact so many documents were downgraded shows that Meta's original review was "fundamentally flawed," and the judge's rulings in the recent trial further support the need for a special master, the brief says.

Plaintiffs' counsel noted that during trial, Judge Gonzalez Rogers rejected Meta's privilege redactions in a trial exhibit for being "entirely inappropriate." The judge also rejected Meta's theory that an attorney's involvement in ensuring the accuracy of business presentations conferred privilege, finding Meta's theory was "far too broad-based," the brief says.

"On that logic, the court explained, Meta could 'withhold all of its business communications with leadership as privileged,'" the brief says. "These demonstrated flaws are precisely why Meta should not be the sole arbiter of whether they are identified and corrected," the brief says.

Plaintiffs' counsel added that Meta's brief overstates Meta's wins before the magistrate judge, and omits significant qualifications of the judge's rulings. For instance, the magistrate judge unredacted significant portions of Meta's slide decks and found Meta's declarations "insufficient to justify and support the assertion of privilege on a blanket basis across all redacted materials," the brief says.

As for the Epic v. Apple case, plaintiffs' counsel argued "the question is not how Meta's privilege volume compares to Apple's, but whether it repeatedly extended privilege to communications that did not seek or convey legal advice."

The next case management conference in the MDL before Judge Gonzalez Rogers is set for Sept. 14.

The consolidated MDL includes personal injury plaintiffs, as well as more than 1,000 school districts, attorneys general and Native American tribes that claim they were forced to spend their limited resources combating kids' mental health crises allegedly caused by the addictive platforms.

The plaintiffs generally accuse the social media giants of designing their multibillion-dollar revenue-generating platforms with addictive features, such as infinite scroll, autoplay, notifications and reward systems, to the detriment of minors' health and livelihoods.

Representatives for the parties didn't immediately respond to requests for comment Thursday.

The personal injury plaintiffs are represented by co-lead counsel Lexi Hazam of Lieff Cabraser Heimann & Bernstein LLP and Previn Warren of Motley Rice LLC.

Meta is represented by Ashley M. Simonsen, Paul William Schmidt and Timothy C. Hester of Covington & Burling LLP.

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Paramount-Warner Bros. Investor Loses Bid To Expedite Suit

By **Jarek Rutz**

Law360 (September 3, 2026, 6:07 PM EDT) -- The Delaware Chancery Court on Thursday denied a Paramount Skydance Corp. stockholder's bid to fast-track derivative litigation seeking to halt the company's planned $110 billion acquisition of Warner Bros. Discovery, finding that the investor had not shown a sufficient basis for rushing the case toward trial.

A bid to fast-track derivative litigation seeking to halt Paramount Skydance's planned acquisition of Warner Bros. Discovery has been denied, with a judge saying a stockholder had not established the kind of colorable claim for injunctive relief or irreparable harm needed to justify an expedited schedule. (AP Photo/Jae C. Hong, File)

In a bench ruling following a hearing on a motion to expedite, Chancellor Kathaleen St. J. McCormick said plaintiff Paul Robbins had not established the kind of colorable claim for injunctive relief or irreparable harm needed to justify an expedited schedule.

Warner Bros. is not a defendant in the case, she noted, and the Delaware Supreme Court's 2014 decision in C&J Energy Services Inc. v. City of Miami General Employees' and Sanitation Employees' Retirement Trust weighs against stripping an innocent third party of its contractual rights. She also found that alleged transaction-related benefits could be addressed with money damages and that potential harm to Paramount's ratings, reputation and goodwill was too speculative.

"Obviously, we deny that any laws have been broken, but we're not required to refute each and every article, post or tweet that gets thrown out into the universe," Blair Connelly of Latham & Watkins LLP, who argued for the defendants, told the court before the ruling.

Robbins **filed the derivative suit** in July on behalf of Paramount, accusing controlling stockholders Lawrence Ellison and David Ellison and other company fiduciaries of breaching their duty of loyalty in connection with the Warner Bros. deal. The amended complaint alleges that the Ellisons promised private benefits to President Donald Trump in exchange for favorable federal treatment of both the Warner Bros. transaction and the earlier combination of Skydance Media and Paramount. Robbins seeks to stop the Warner Bros. merger or obtain other equitable relief.

Paramount and Warner Bros. signed their merger agreement on Feb. 27, and Warner Bros. stockholders approved it on April 23. The U.S. Department of Justice's Antitrust Division completed its review on June 12. A group of state attorneys general sued on July 13 in California federal court challenging the deal on antitrust grounds. Paramount and Warner Bros. later agreed not to close the deal until five days after a merits determination in that case, or until June 1, 2027, whichever comes first. The federal court has scheduled trial to begin on March 2, 2027.

Mary S. Thomas of Thomas Law LLC, arguing for Robbins, told Chancellor McCormick that the investor was not seeking an emergency preliminary injunction hearing. Instead, Robbins wanted expedited discovery and a final trial before the merger could close, arguing that the standard for obtaining that schedule required only a nonfrivolous claim and a sufficient possibility of irreparable harm.

Thomas argued that closing the deal would permanently change Paramount and trigger transaction-specific benefits, including a $50 million cash award and $100 million in restricted stock units for David Ellison. She also pointed to potential harm to the ratings and reputation of CNN, owned by Warner Bros., if Paramount took control and implemented the editorial changes challenged in the complaint.

Connelly countered that Robbins' theory improperly asks the Chancery Court to decide whether federal law was violated before any regulator or court has found wrongdoing, imposed a fine or identified a concrete corporate loss. He argued that, under Delaware decisions addressing Massey claims, such alleged legal violations cannot simply be litigated through a fiduciary-duty case.

A Massey claim seeks to hold corporate fiduciaries liable for losses caused by knowingly directing or permitting a company to violate the law, a theory drawn from the Chancery Court's 2011 decision in In re Massey Energy Co. Derivative & Class Action Litigation.

Connelly also maintained that money damages could address any improper transaction benefits and that C&J Energy prevented Robbins from obtaining relief that would interfere with Warner Bros.' contractual rights.

Thomas disputed that characterization on rebuttal, arguing that Robbins was seeking prospective relief to prevent an alleged loyalty breach rather than compensation for a loss that had already occurred.

Illustrating her position with a hypothetical, Thomas said, "You shouldn't have to wait until someone's died before there's a breach of a fiduciary-duty claim."

In an emailed statement, Connelly said, "Today's ruling confirmed that there is no reason to fast-track this case, which lacks any merit under Delaware law and which, in our view, is merely a political stunt. We are grateful to the Court of Chancery for its swift attention to the matter, and we look forward to briefing our motion to dismiss if plaintiff decides to continue."

Counsel for Robbins did not immediately respond to requests for comment Thursday.

Robbins is represented by Brendan Ballou and Emily Gilman of the Public Integrity Project, Seth Stern of the Freedom of the Press Foundation, and Mary S. Thomas of Thomas Law LLC.

The defendants are represented by Blair Connelly, Sarah Lightdale, Zachary L. Rowen and Matthew L. Strand of Latham & Watkins LLP, Kevin J. Orsini and Justin C. Clarke of Cravath Swaine & Moore LLP, and David E. Ross of Ross Aronstam & Moritz LLP.

The case is Paul Robbins, derivatively on behalf of Paramount Skydance Corp. v. David Ellison et al., case number 2026-0928, in the Court of Chancery of the State of Delaware.

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Boeing Investors Say 4th Circ. Ruling Imperils Class Actions

By **Katryna Perera**

Law360 (September 3, 2026, 6:58 PM EDT) -- Boeing investors have asked the full Fourth Circuit to rehear a panel's "extreme" decision overturning class certification in a suit against the aerospace company over its alleged concealment of safety issues with its 737 Max fleet, arguing that the panel decision will create a "vague and unworkable standard" in the circuit if left intact.

The investors filed a **brief** Wednesday saying that if the panel's July ruling remains in place, class action litigation in the circuit will be upended "in a manner that is out of step with [U.S. Supreme Court] precedent and established practice nationwide."

In July, a three-judge panel for the appeals court issued an opinion **overturning** class certification granted to Boeing investors by a lower court. In its ruling, the panel pointed to the 2013 Supreme Court ruling Comcast Corp. v. Behrend, which requires plaintiffs to present a damages methodology showing how damages are calculable on a classwide basis and requires courts to consider, through a "rigorous analysis," whether the proposed damages model satisfies the predominance requirement for certification.

The panel said the Boeing investors did not provide a damages methodology "consistent with Comcast's demands," and that the district court did not conduct the required "rigorous analysis," and therefore erred in granting class certification.

Specifically, the panel pointed to the "out of pocket" damages methodology provided by the plaintiffs' expert witness, economist Chad Coffman, saying that although he defined the methodology, simply providing a "legal description of damages" is insufficient.

On Wednesday, the investors pushed back, saying the panel used a "vague and unworkable standard that will make certification far more difficult in this circuit than anywhere else in the country," and that any additional detail about the methodology would not have clarified whether the certification requirements were met.

The investors said the panel's ruling "asks the wrong questions" by focusing on whether the plaintiffs will actually succeed at measuring damages rather than whether the provided method shows that common issues predominate.

"The panel's new approach ... [requires] plaintiffs to provide an unspecified level of merits-related details with no bearing on whether class treatment is appropriate," the brief states.

Additionally, the panel's ruling does not give investors any guidance on "how much detail is enough," the brief states, and that is not a question that district courts can answer.

"There is no standard for judging which details a district court should require," the brief states. "The resulting uncertainty will inevitably drive parties to conduct full merits-stage loss-causation reports prior to class certification — delaying case schedules as plaintiffs are pushed to complete fact discovery before filing those motions."

"The panel's rule will also tax judicial resources, as district courts are forced to work through merits issues prematurely and grapple with arbitrary questions about how much detail is enough," the brief further states. "The proper approach — used by all other courts — avoids these issues. It doesn't require detail for its own sake, but only as necessary to satisfy predominance."

Finally, the investors argue that the panel's ruling contradicts the Supreme Court's 2013 ruling in Amgen Inc. v. Connecticut Retirement Plans & Trust Funds , which held that, among other things, for class certification to be granted, common questions must predominate, but every question does not have to be common to the class.

If the appeals court declines to rehear the panel's decision, the investors argue the court should, at a minimum, remove the portion of the opinion that sought to disapprove Coffman's merits-stage damages report.

"This court, at a minimum, should excise that portion of the opinion, which exceeds its jurisdiction ... creates far-reaching problems for class certification in a common class of securities-fraud cases, and does so without the benefit of briefing or argument by the parties," the brief states.

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

The suit alleges Boeing committed securities fraud by misleading investors about purported strides in the safety of its 737 Max fleet in the wake of a deferred prosecution agreement over two deadly crashes, only to have the stock price tumble when a 737 Max door plug blew out midair during an Alaska Airlines flight from Oregon to California in January 2024 and safety problems came to light as a result.

The investors are represented by Deepak Gupta and Gregory Beck of Gupta Wessler LLP, Carol Villegas, Christine Fox and Jake Bissell-Linsk of Labaton Keller Sucharow LLP, and Douglas Wilens of Robbins Geller Rudman & Dowd LLP.

Boeing is represented by Jeffrey Wall and Judson O. Littleton of Gibson Dunn & Crutcher LLP, Benjamin Hatch of McGuireWoods LLP, and Richard C. Pepperman II and Jacob E. Cohen of Sullivan & Cromwell LLP.

The case is In re: The Boeing Co. Securities Litigation, case number 25-1492, in the U.S. Court of Appeals for the Fourth Circuit.

--Editing by Jay Jackson Jr.
