



Bloomberg Law

Benefits & Executive Compensation Newsletter

June 22, 2026

Leading the News

Trump Accounts Aren't Considered Benefit Plans, DOL Says

Employer contributions to Trump Accounts aren't subject to the federal Employee Retirement Income Security Act, according to guidance from the Department of Labor.

Spirit Layoff Suit Puts Spotlight on Labor Rights in Bankruptcy

Spirit Airlines' bankruptcy has become a high-profile example of the legal hurdles terminated employees face, even as they argue the mass layoffs were done without the legally required notice.

Family Planning Groups Sue HHS Over Program's Funding Changes

Two family planning groups challenged the Trump administration's changes to a federal grant program, arguing it would destabilize it.

Judges Jockey for Potential Trump Supreme Court Appointment

Several prominent conservative leaning judges are seen as auditioning to become President Trump's next pick for the Supreme Court.

DOJ Rejects Judge Request to Certify \$1.8 Billion Fund Nixed

The Justice Department rebuffed a US judge's invitation for top officials to submit a signed statement under oath that a \$1.8 billion fund for what the administration described as victims of political "weaponization" will not happen.

This Week in Chancery Court: Chewy Inc., Brookfield Settlements

The Delaware Chancery Court will consider this week a \$29.5 million settlement to resolve a lawsuit claiming a complex restructuring of a [PetSmart LLC](#) spinoff favored private equity insiders.

Retirement Plans

All Children's Sued Over Retirement Plans Investment Options

[All Children's Health System Inc.](#) filled its retirement plans with underperforming target-date funds and more expensive shares of mutual funds, resulting in "massive lost earnings" to investors in violation of federal benefits law, according to a new lawsuit in federal court.

BDO Defeats Ex-Partner's Claim It Underpaid Retirement Benefits

[BDO USA PC](#) prevailed over a former partner seeking \$262,000 in retirement benefits he said the company owed after he initially retired in 2019 but continued working for the tax services firm as a full-time managing director until the end of 2023.

Health & Fringe Benefits

Worker Fired Over 'Time Theft' Has No COBRA Claim, Judge Says

A Hyundai dealership worker's firing over "time theft" amounted to gross misconduct that foreclosed continued healthcare coverage under COBRA, a Missouri federal judge said, addressing an issue with a "dearth" of legal precedent.

Collective Trust Role in 401(k) Rule Unclear

The Labor Department's lack of clarity on collective investment trusts' role in its proposal to ease the inclusion of alternative assets in 401(k) plans has sparked pushback from attorneys and retirement industry groups, *Brett Samuels* [reports](#).

DOL's [proposed rule](#) would create legal cover for fiduciaries who satisfy six factors when adding private assets like cryptocurrency and private equity to 401(k) plan menus. The proposal features several mentions of mutual funds in examples of how to qualify for the safe harbor. **But there's only a passing reference to CITs**, which are pooled investment vehicles that combine the assets of multiple investors and are cheaper than mutual funds.

Critics of CITs argue that they are opaque and have weaker disclosure and liquidity standards compared to mutual funds. Nevertheless, benefits attorneys said **they expect CITs to be a main vehicle to add private market exposure** once the DOL proposal is finalized, because of their popularity within target-date funds and their different liquidity standards.

"If they're going to be asset-class neutral, we would hope they'd also be asset-wrapper neutral, particularly where you've got a wrapper that's basically only used by retirement investors," said Kevin Walsh, a principal at Groom Law Group.

Leading the News

Trump Accounts Aren't Considered Benefit

Plans, DOL Says

June 18, 2026

By [Brett Samuels](#)

Employer contributions to Trump Accounts aren't subject to the federal Employee Retirement Income Security Act, according to guidance from the Department of Labor.

The Employee Benefits Security Administration published a [technical release](#) Thursday, outlining why Trump Accounts are generally not considered employee pension benefit plans. Plans subject to ERISA face strict fiduciary standards and create additional legal obligations for employers.

Employers and individuals can begin making contributions to Trump Accounts on July 4.

"This guidance should provide the clarity that employers need as the Administration rolls out Trump Accounts to jumpstart a golden age of investing in future generations," acting Secretary of Labor Keith Sonderling said in a statement.

The technical guidance detailed why Trump Accounts will not be considered an employee pension benefit plan in instances where employer contributions are made to the dependent of an employee, or an individual employee. In cases where an employee is age 16 or 17 and the beneficiary of a Trump Account, the guidance directs employers to satisfy individual retirement account payroll safe harbor conditions.

Many employers had been [waiting](#) for final guidance from the Labor Department and the Treasury Department before determining whether to contribute to employees' Trump Accounts.

The GOP tax-and-spending bill signed into law last July allowed for the establishment of Trump Accounts for individuals under the age of 18. Parents or individuals must opt into the program, and the government will contribute \$1,000 toward accounts for children born in 2025 through 2028.

The accounts will be invested in low-cost index funds and can be accessed without penalty once the child turns 18, at which point it becomes akin to an individual retirement account.

Employers can opt to establish a Trump Account Contribution Plan (TACP) for employees and can start contributing to it on July 4. Employer contributions are capped at \$2,500 per year in pre-tax benefits for each employee. Total annual contributions from all sources are capped at \$5,000 annually, excluding the government seed money. Future contribution limits will be indexed to inflation starting in 2027.

Bank of America Corp., Intel Corp., JPMorgan Chase & Co., and other major firms [have said](#) they intend to match the \$1,000 government contribution toward accounts for eligible employees.

The IRS said 4 million children had been [signed up](#) for a Trump Account as of the end of March.

To contact the reporter on this story: [Brett Samuels](#) in Washington at bsamuels@bloombergindustry.com

To contact the editor responsible for this story: [Carmen Castro-Pagán](#) at ccastro-pagan@bloomberglaw.com

Spirit Layoff Suit Puts Spotlight on Labor Rights in Bankruptcy

June 22, 2026

By [Angélica Serrano-Román](#)

Spirit Airlines' bankruptcy has become a high-profile example of the legal hurdles terminated employees face, even as they argue the mass layoffs were done without the legally required notice.

When the low-cost carrier abruptly suspended operations and laid off thousands of employees in May, it [told](#) workers that it couldn't provide the required advance notice under federal law because doing so would have "adversely impacted" its ability to secure the capital needed to continue operations.

A proposed class representing around 17,000 terminated employees is now [asserting claims](#) under the Worker Adjustment and Retraining Notification Act, which requires employers to provide 60 days' notice before mass layoffs.

The suit comes as the WARN Act has emerged in more than a dozen bankruptcy suits since last spring, pitting workers against their financially strained former employers.

Spirit had been trying to secure funding from existing lenders and a \$500 million government bailout, which ultimately didn't materialize. The company also pointed to the war in the Middle East and subsequent spike in fuel prices as unforeseeable.

The airline is now winding down. Employees say the company continued to issue "positive misleading statements" to staff up to the final hours before its collapse.

"Spirit is going to have a tougher time, based upon what I'm seeing, arguing that the unforeseeable business circumstances exception drops to a no notice," said Aaron Solomon, a partner at Kaufman Dolowich & Voluck LLP focusing on labor law.

Companies may attempt to limit their WARN exposure by citing unforeseeable business circumstances, such as sudden market dislocations, as well as the faltering company exception, which applies when a company is actively seeking capital. Although Spirit has negotiated with unions on proposed wind-down procedures, it said it would oppose class certification—a key step for employees looking to litigate.

Spirit's attorney, Marshall S. Huebner of Davis Polk & Wardwell, said during a June bankruptcy court hearing that the company had "either zero or virtually no WARN Act liability."

"We actually think that we're the textbook case for the faltering company exception," he said.

Bankrupt companies often settle WARN claims, which practitioners said can sometimes be more beneficial for workers than risking litigation. Under federal law, affected employees are entitled to 60 days of pay plus benefits, though settlements are typically negotiated down.

Renewable energy companies such as PosiGen, Powin, and Sunnova Energy have faced WARN suits in the past year. Powin [settled](#) for \$3.5 million, but Sunnova [continues](#) to fight WARN claims.

Setting Up Defenses

Spirit's May communication signaled the unforeseeable business circumstances and faltering company defenses, according to Michael C. Duff, a professor specializing in workers' compensation at Saint Louis University School of Law.

“The language comes straight from the statute, so they were setting up the defense,” he said.

A company might refrain from issuing notices to avoid mass departures amid concerns about closures, said Jack A. Raisner, founding partner at Raisner Roupinian LLP, which has a WARN practice. Retaining workers also helps preserve assets and generate revenue.

“That’s one of the most painful things,” he said. “When the motivations of the timing of WARN are controlled by the company acting in its own best interest.”

Spirit’s layoffs occurred during a sudden shutdown as the company attempted to emerge from its [second bankruptcy](#). Jet fuel price hikes, driven by the Iran war, and stalled rescue financing talks with the US government ultimately delivered a final blow.

“In the case of Spirit, you do have a war that I don’t think wears too many badges of foreseeability,” Raisner said. “And then you have a White House expressing a willingness to fund the airline.”

If parties move to litigate, an employer must show that the circumstances were outside its control. It must also prove, if it cites a faltering company exception, that it had a good-faith belief that notice would’ve prevented it from obtaining financing. For instance, it could show that creditors insisted on nondisclosure of the capital disbursement details, Duff said.

“If they can establish that they needed to keep this secret because they had a reasonable prospect of losing the capital, that’s going to be a good defense,” he said. “But they have to prove it.”

The International Association of Machinists and Aerospace Workers said in court papers that employees learned of Spirit’s shutdown and immediate layoffs at the same time as the public.

The Air Line Pilots Association said the collapse was an “unmitigated financial disaster” for nearly 2,000 Spirit pilots and their families, leaving them without income and medical coverage.

WARN in Bankruptcy

If job reductions occur before a bankruptcy begins, laid-off employees can assert priority claims up to a cap. If they occur after, employee payouts are deemed administrative expenses, which are typically paid out before other debts.

While workers should theoretically be paid in full, they face challenges when the bankrupt employer lacks sufficient liquidity to fully satisfy administrative claims.

“Courts have lately been asked to allow Chapter 11 cases to go forward and even be resolved, even when the administrative claims won’t be paid in full,” Raisner said. “And the employees, of course, are left holding the bag.”

There’s a risk that ex-Spirit employees won’t receive their outstanding pay, benefits, or WARN Act damages if Spirit is administratively insolvent, unions said in a June filing.

Employers can issue conditional notices, which caution workers that unless a problem is averted terminations will occur and helps them avoid large expenses, Raisner said. Despite concerns over resignations or employees not showing up for work, workers in the current job market need more than 60 days to find a new job, he said.

“In our economy, it takes an average of at least three to four months to find other employment,” Raisner said. “A person who gets a WARN notice isn’t leaving the next day.”

To contact the reporter on this story: [Angélica Serrano-Román](#) in Washington at aserrano-roman@bloombergindustry.com

To contact the editors responsible for this story: [Maria](#)

[Chutchian](#) at mchutchian@bloombergindustry.com; [Rob Tricchinelli](#) at rtricchinelli@bloombergindustry.com

Family Planning Groups Sue HHS Over Program's Funding Changes

June 18, 2026

By [Sandhya Raman](#)

Two family planning groups challenged the Trump administration's changes to a federal grant program, arguing it would destabilize it.

The National Family Planning and Reproductive Health Association and the Family Health Council of Central Pennsylvania filed suit on Thursday in the US District Court for the Middle District of Pennsylvania.

The once bipartisan federal Title X program in recent years has been hamstrung by political issues, primarily related to the issue of abortion. Federal law prevents using Title X funding for this purpose, but some clinics that receive Title X funds also provide abortion services through state or private funds.

Title X grants to states and organizations help subsidize the cost of family planning services like contraception and STI testing and treatment.

The Department of Health and Human Services issued a [notice of funding](#) in April that informed applicants applying for fiscal year 2027 money that the agency would begin reviewing grantees to ascertain if they align with the administration's priorities, such as eliminating DEI efforts or ending gender-affirming care.

"HHS's new Title X grant application guidelines violate the current statutory and regulatory requirements of the program," NFPRHA President and CEO Clare Coleman said in a statement. "We are asking the federal government to explain the conflict between the law and its application guidance in court."

Current Title X regulations require grantees to promote health equity and prohibit discrimination based on gender identity and consider factors such as local need and an applicant's capacity, the plaintiffs argue.

"If an applicant is eliminated at the alignment review stage, HHS will never consider that application under the statutorily mandated criteria, contrary to the Title X statute and the limits Congress has imposed on the Agency's authority," the suit says.

The suit names HHS Secretary Robert F. Kennedy Jr., Assistant Secretary for Health Brian Christine, and Deputy Director of the Office of Population Affairs Amy Margolis.

NFPRHA and FHCCP are represented by the American Civil Liberties Union and the ACLU of Pennsylvania.

This case is [National Family Planning and Reproductive Health Association et al. v. Kennedy et al.](#), M.D. Pa., 1:26-cv-01684-YK, 6/18/26

To contact the reporter on this story: [Sandhya Raman](#) at sraman@bloombergindustry.com

To contact the editor responsible for this story: Zachary Sherwood at zsherwood@bloombergindustry.com

Judges Jockey for Potential Trump Supreme Court Appointment

June 22, 2026

By [Jacqueline Thomsen](#)

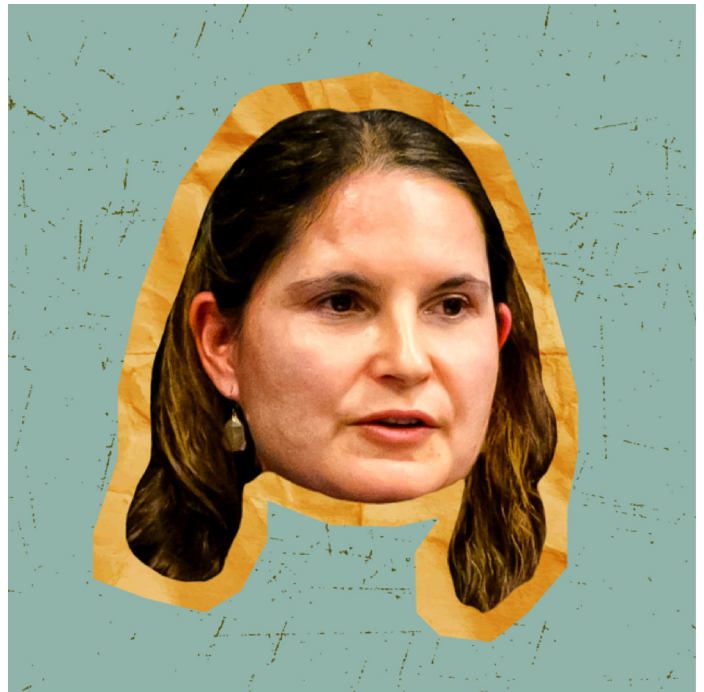
One federal judge started a health blog, claiming that he's biologically roughly a decade younger than he actually is.

Another gave an interview in which he offered a new legal rationale for rejecting birthright citizenship for undocumented migrants, after he long spoke in favor of the constitutional right.

And a prominent conservative lawyer argued before the Supreme Court for a key goal within the Trump administration as the president sat nearby and looked on.

All of these are examples of the private and public actions potential Supreme Court candidates are taking ahead of any potential vacancy on the nation's highest court. On top of the more public overtures, seen by some as auditioning, friends are quietly pushing those in Trump's orbit for their preferred judges to be considered if a seat were to open up.

Retirement speculation, which typically comes at the end of each Supreme Court term in June, has been focused on 77-year-old Justices Clarence Thomas and 76-year-old Samuel Alito. The men, considered the two most conservative justices, haven't publicly announced their future plans.



US District Judge Aileen Cannon

Illustration: Jonathan Hurtarte/Bloomberg Law; Photo: Pete Kiehart/Bloomberg Law

There's particular interest in thoroughly vetting potential Supreme Court candidates during the second Trump administration: President Donald Trump's three picks for the high court have regularly ruled in his favor—but not always.

The president has been particularly [angry](#) about the justices striking down one of his landmark policy priorities, sweeping international tariffs. Justices Neil Gorsuch and Amy Coney Barrett, both Trump nominees, ruled against the president in the case.

Solicitor General John Sauer and Judge Andrew Oldham of the Fifth Circuit have been discussed as potential candidates for the Supreme Court, said people familiar with those conversations, some of whom spoke on condition of anonymity as to candidly discuss the topic.

US District Judge Aileen Cannon in Florida has been backed by Mike Davis, a conservative lawyer aligned with Trump, after she dismissed criminal charges against the then-former president who was charged with retaining classified documents after leaving office. Davis declined to comment for this story.

Other names floated include Judge James Ho on the Fifth Circuit, Judges Neomi Rao and Gregory Katsas on the DC Circuit, Judge Patrick Bumatay on the Ninth Circuit, Judge Steven Menashi on the Second Circuit, and Judge Amul Thapar on the Sixth Circuit.



From top, Judge James Ho, Judge Neomi Rao, Judge Gregory Katsas, Judge Patrick Bumatay, Judge Steven Menashi, Judge Amul Thapar

Illustration: Jonathan Hurtarte/Bloomberg Law; Photos: Pete Kiehart/Bloomberg Law, Getty Images

“The only people who would be considered, I think, would be a Trump-appointed judge, and the Trump-appointed judges are going to have their contacts in the administration,” said John Malcolm, a conservative lawyer with the group Advancing American Freedom.

The judges and the Justice Department didn’t return requests for comment.

A White House official declined to comment on speculation about hypothetical scenarios, but said Trump “will fill any judicial vacancies that arise with well-qualified nominees who love our Constitution.”

Don McGahn, who led judicial nominations as Trump’s White House counsel during the first administration, said the choice on who will be made a justice—regardless of any aggressive lobbying—will ultimately be left up to Trump. “So, despite all sorts of folks who claim real or imagined relevancy, it is only up to one person, and that is President Trump,” he said.

And Josh Blackman, a law professor at the South Texas College of Law, was doubtful that the out-of-court maneuvering would make much of a difference when it comes to the White House’s selection of a justice.

“I think at this point, the quantities are known,” Blackman said.

Trump Lawyers

Auditioning for the Supreme Court is not a new phenomenon. Trump-appointed judges are frequently accused of it, particularly as a number of the appellate appointees [rule](#) in the current administration’s favor.

“Usually this sort of thing is done quietly,” Malcolm said of the jostling for a Supreme Court seat. He said former clerks typically lead the charge in advocating for a judge to be made a justice, and said he’s seen memos written by those lawyers about why their former bosses should end up on the Supreme Court.

It’s not only judges who can be considered for the high court. Solicitors general, sometimes referred to by legal observers as the “tenth justice” due to how often they argue before the court, can be considered. Justice Elena Kagan held the role before President Barack Obama nominated her for the high court in 2010.



US Solicitor General John Sauer

Illustration: Jonathan Hurtarte/Bloomberg Law; Photo: Pete Kiehart/Bloomberg Law

In April, Trump traveled to the Supreme Court for the first time to attend the birthright citizenship arguments, and left after he watched Sauer argue on behalf of his administration in the case. How that ruling plays out could have an impact on whether Sauer would land a future vacancy on the court.

While some Trump allies [have said](#) the president will choose a different and more bold kind of judge during his second term, many of his picks have [similar backgrounds](#) to those he nominated during his first time in office.

Trump has also been [turning to](#) his private legal teams to fill the courts. Three of his second-term federal appellate picks have served as his personal attorney: Emil Bove, Justin Smith, and Matthew Schwartz.

And Sauer's decision to represent Trump after the Jan. 6, 2021 riots at the US Capitol, when many lawyers were distancing themselves from the former president, could give him an edge when it comes to any Supreme Court selection.

But the federal judges that Trump has nominated recently have been similar to those he appointed during his first term, said Lee Holmes, a former chief counsel to Sen. Lindsey Graham (R-S.C.) and current attorney with Maynard Nexsen.

"While the President has his [frustrations](#) with the Federalist Society," Holmes said, Trump's picks share a commonality: "Conservatives with outstanding credentials."

Public Auditions

Some say judges accused of auditioning are just doing their jobs as they would without any opportunity for a promotion.

But Trump's return to the White House has created a new opportunity for judges that he appointed during his first term. After Trump lost reelection in 2020, many of the picks started hearing litigation against President Joe Biden's administration, giving them the opportunity to bolster their conservative credentials.

On the day of Trump's second inauguration, Thapar of the Sixth Circuit launched a Substack about health and wellness. He [wrote](#) that he wanted to spread the word on how he turned his life around, dedicating himself to regular workouts and improving his sleep and diet.

"Most of my bloodwork is now in the ideal range for a 43 year old!" wrote Thapar, who was born in 1969. "As a result, I reduced my biological age to 43 (your chronological age really doesn't matter; what matters is your biological age)."

Some of the people familiar with conversations around candidates said it read as an attempt to audition for the Supreme Court. Legal commentator David Lat didn't rule out the possibility in his own coverage of Thapar's blog. "Perhaps a Justice Thapar could bring back the exercise classes that the late Justice Sandra Day O'Connor used to organize" wrote Lat in a Bloomberg Law [opinion piece](#).

Thapar didn't return a request for comment.

Soon after Trump's reelection, Ho of the Fifth Circuit gave an [interview](#) with Blackman in which he offered a new legal rationale to exempt the children of undocumented migrants from birthright citizenship. Ho years earlier wrote a law review article in which he [defended](#) the legality of birthright citizenship—which Trump is now trying to eliminate at the US Supreme Court.

Ho didn't return a request for comment.

But in a Texas A&M law review [piece](#) published in March, Ho signaled that sitting on the Supreme Court could be difficult for him, as his wife is a prominent litigator with the international law firm Gibson Dunn and it could lead to recusal issues for the whole firm.

In an interview with Bloomberg Law, Blackman said Ho wasn't auditioning, and that the question came up because Ho had recently written an opinion about the legal implications on the declaration of an "invasion" of undocumented immigrants at the southern border by Texas Gov. Greg Abbott (R).

Ho also has his public advocates. "If there is a high court vacancy, the single best pick would be the man for whom I once clerked: James C. Ho of the U.S. Court of Appeals for the Fifth Circuit," wrote conservative commentator Josh Hammer in an April Newsweek [op-ed](#).

Hammer also took aim at Oldham in the piece, arguing that the judge—considered a prominent conservative on arguably the most right-leaning federal appeals court in the country—isn't conservative enough. That's in part because Oldham in 2010 signed a letter of support for his former Harvard Law professor, Sen. Elizabeth Warren (D-Mass.), when she was up to lead the Consumer Financial Protection Bureau.



Judge Andrew Oldham

Illustration: Jonathan Hurtarte/Bloomberg Law; Photo: Pete Kiehart/Bloomberg Law

In an interview, Hammer said he also took issue with some of Oldham's rulings, including one that allowed the abortion medication mifepristone to remain on the market. He said that even though the ruling was on procedural grounds, it's concerning that "there's a tendency in the record to not take the boldest position."

It's rare for criticism of potential Supreme Court candidates to take place publicly before there's a vacancy.

It's also likely that there won't be a Supreme Court vacancy, and the proxy war will be for naught. Multiple [media reports](#) have said that Alito won't retire at the end of this session. And if Thomas remains on the court for two more years, he [can become](#) the longest-ever serving US justice.

Hammer said his job is to be a commentator and give his opinion about judges, and said he's not part of any private conversations taking place to promote candidates like Ho to the top of a contender list.

Still, there can be a risk in being too aggressive in undercutting other nominees.

Malcolm said that in lobbying with the White House and Trump allies about who should become a justice, "sometimes those whispers are going to be not only in favor of somebody they like, but also why that person is better than somebody else who might be under consideration."

"And sometimes, I assume, those kinds of discussions get nasty enough that people cancel each other out," Malcolm said.

To contact the reporter on this story: [Jacqueline Thomsen](mailto:jthomsen@bloombergindustry.com) at jthomsen@bloombergindustry.com

To contact the editors responsible for this story: [Keith L. Alexander](mailto:kalexander@bloombergindustry.com) at kalexander@bloombergindustry.com; [Seth Stern](mailto:sstern@bloomberglaw.com) at sstern@bloomberglaw.com;

DOJ Rejects Judge Request to Certify \$1.8 Billion Fund Nixed

June 19, 2026

By Zoe Tillman

The Justice Department rebuffed a US judge's invitation for top officials to submit a signed statement under oath that a \$1.8 billion fund for what the administration described as victims of political "weaponization" will not happen.

In a [filing on Friday](#), the Justice Department said that such declarations were "unnecessary" and that compelling statements from high-level officials "implicates serious separation of powers concerns." A department lawyer wrote that Acting Attorney General Todd Blanche's congressional testimony and submissions to the court from government attorneys already "were made against the backdrop of serious penalties for falsity."

US District Judge Leonie Brinkema ruled last week that a lawsuit challenging the fund can go forward, rejecting the Justice Department's assurances that past statements from Blanche and other officials that they were dropping the fund plan were sufficient. But the judge indicated that she would be inclined to end the case if she received a declaration to that effect made under penalty of perjury from Blanche, Treasury Secretary Scott Bessent and Associate Attorney General Stanley Woodward.

Read More: Judge Rejects DOJ Assurance 'Weaponization' Fund Is Defunct

Brinkema had said that if the government did not submit the confirmation that she believed was necessary, she would set a full schedule for next steps in the legal fight.

"The judge's demand for declarations was an attempt to require her to personally sign-off on any and all future settlements, separate from this non-existent Fund, that the department may make," the Department of Justice said in a statement.

The Virginia judge separately entered an order blocking action on the fund while the litigation is pending, finding that a group of challengers made a strong enough showing at an early phase of the case that the plan was likely unlawful. Democrats and other critics have denounced the proposal as a "slush fund" for President Donald Trump's allies.

Skye Perryman, president of Democracy Forward, which represents the fund challengers in the lawsuit, said in a statement that it was “telling” that Blanche and other top officials “continue to refuse to say under oath the Slush Fund is dead and won’t operate in the future.”

Read More: Trump Allies Can Still Seek Millions in ‘Weaponization’ Claims

The fund was part of a settlement to resolve Trump’s \$10 billion lawsuit seeking to hold the Internal Revenue Service liable for a leak of his tax information. Blanche has said the government will honor another part of the deal that immunizes Trump, his family members and his businesses from audits or other federal probes related to past tax filings.

Separately, a federal judge in Florida who presided over the IRS case is weighing whether to reopen those proceedings to vet allegations from a group of former federal judges that the settlement was the result of a fraud on the court.

The case is *Floyd v. Department of Justice*, 26-cv-01399, US District Court, Eastern District of Virginia (Alexandria).

(Adds comments from the Department of Justice in fifth paragraph.)

© 2026 Bloomberg L.P. All rights reserved. Used with permission.

To contact the reporter on this story:
[Zoe Tillman](mailto:ztillman2@bloomberg.net) in Washington at ztillman2@bloomberg.net

To contact the editors responsible for this story:
Sara Forden at sforden@bloomberg.net

Elizabeth Wasserman, Se Young Lee

This Week in Chancery Court: Chewy Inc.,

Brookfield Settlements

June 22, 2026

By [Jennifer Kay](#) and [Alicia Cohn](#)

The Delaware Chancery Court will consider this week a \$29.5 million settlement to resolve a lawsuit claiming a complex restructuring of a [PetSmart LLC](#) spinoff favored private equity insiders.

Here’s what to watch in court:

Monday: [S’holder Rep. Servs. LLC v. Astellas Pharma, Inc.](#), Del. Ch., No. 2023-0952, trial 6/22/26.

At issue: [Astellas Pharma Inc.](#) will defend its 2018 acquisition of [Potenza Therapeutics Inc.](#) at [trial](#) against former Potenza shareholders who claim Astellas used gamesmanship to dupe them into delaying litigation over post-deal payments. Delaware Superior Court Judge Sheldon K. Rennie will preside over trial; [certain Superior Court judges](#) hear breach of contract cases to help alleviate the Chancery Court’s caseload. Rennie threw out the investors’ breach-of-contract claims in April, finding they had waited too long to submit them to the court. At issue are terms in a contract that, instead of relying on traditional Food and Drug Administration categories, adopted a bespoke definition of clinical studies that the investors claimed triggered the earnout payments.

Court action: Five-day trial in Wilmington.

[Astellas Headed to Trial in Deal Case Worth Up to \\$115 Million](#)

Monday: [In re TerraForm Power Inc. Merger S’holders Litig.](#), Del. Ch., No. 2022-0097, settlement hearing 6/22/26.

At issue: Brookfield Asset Management Inc. is seeking court approval of an agreement in principle to end litigation challenging its \$3.3 billion buyout of [TerraForm Power Inc.](#) The shareholders, led by a pension fund, alleged the merger was conducted unfairly, accusing the board of directors and Brookfield of breaching fiduciary duties by suppressing the company's value and leading to an undervalued transaction. Chancellor Kathaleen St. J. McCormick will consider whether to approve the settlement, which is required to ensure it's fair to investors not involved in the court proceedings.

Court action: Settlement hearing in Wilmington.

[Brookfield Agrees to Settle \\$3.3 Billion Terraform Deal Case](#)

Tuesday: [Gilbert v. BC Partners LLP](#), Del. Ch., No. 2024-1165, settlement hearing 6/23/26.

At issue: [BC Partners LLP](#) and [Chewy Inc.](#) directors will present the proposed \$29.5 million [settlement](#) to resolve a derivative lawsuit claiming Chewy was exposed to a tax liability in a restructuring that favored insiders with [Apollo Global Management Inc.](#) A special litigation committee of the Chewy board [recommended](#) reaching an accord with the investors who brought the lawsuit in November 2024. The investors' attorneys [seek](#) a \$5.5 million fee award, if Chancellor McCormick approves the settlement.

Court action: Settlement hearing in Wilmington.

[BC Partners Sued Over \\$8 Billion PetSmart Spin Deal With Apollo](#)

Tuesday: [Verisk Analytics Inc. v. ExactLogix Inc.](#), Del. Ch., No. 2026-0023, trial 6/23/26.

At issue: Vice Chancellor Bonnie W. David will consider [claims](#) and counterclaims concerning a failed \$2.35 billion deal. Data analytics company [Verisk Analytics Inc.](#) sought to buy AccuLynx.com until an antitrust review delayed closing beyond the transaction's drop-dead date. Verisk sued its former acquisition target, seeking a declaration it had the right to walk away. AccuLynx claims the termination was invalid. Verisk argues it took all "commercially reasonable efforts" to consummate the merger.

Court action: Four-day trial in Georgetown.

[Verisk Sues AccuLynx After Bailing on \\$2 Billion Analytics Deal](#)

—*With assistance from Bloomberg Law Automation.*

To contact the reporters on this story: [Jennifer Kay](#) in Philadelphia at jkay@bloombergindustry.com; [Alicia Cohn](#) at acohn@bloombergindustry.com

To contact the editor responsible for this story: [Carmen Castro-Pagán](#) at ccastro-pagan@bloomberglaw.com

The Hidden Faces of Gambling Addiction



Photo Illustration: David Evans/Bloomberg Law; Photos: Getty Images

A growing number of women are using and becoming addicted to online gambling, *Keith L. Alexander* [reports](#).

Of Chapter 7 bankruptcy filings in the past 12 months that listed various sports betting websites as creditors, **almost a quarter came from women**, according to a Bloomberg Law review.

Jody Bechtold, CEO of the Better Institute, has been counseling gambling addicts for 20 years. Before 2018, women made up about 40% of the clientele at her clinics. Now, she said, **it's about 90%**.

"This is not new to any of us. It's just been hidden," Bechtold said. "Our job now is to **break the stereotype that this is just a male issue** and remove the stigma for those women who feel like they are battling this addiction on their own."

Keith spoke to women whose gambling addictions have strained their finances, relationships, and health. "**I knew that I was messing up. But I couldn't stop it,**" said Elaina Bozzuto, who filed for personal bankruptcy in 2025 after getting hooked on gambling apps. "It really wrecked my life."

Retirement Plans

All Children's Sued Over Retirement Plans Investment Options

June 19, 2026

By [Carmen Castro-Pagán](#)

[All Children's Health System Inc.](#) filed its retirement plans with underperforming target-date funds and more expensive shares of mutual funds, resulting in "massive lost earnings" to investors in violation of federal benefits law, according to a new lawsuit in federal court.

The plans' fiduciaries, including Transamerica Retirement Solutions LLC and Creative Planning LLC, steered a large chunk of the plans' assets into a single asset series—American Century One Choice Target Date Funds—and failed to remove them for over a decade, said the [lawsuit](#) filed Thursday in the US District Court for the Middle District of Florida.

- Plaintiff Tamara Goucher, who worked at the Johns Hopkins All Children's Hospital, seeks to represent a class of similarly situated plan participants, which as of 2024 totaled 6,600 individuals
- Target-date funds have fueled a [major surge in ERISA litigation](#), with more than a dozen recent cases centering on target-date funds from American Century
- All Children's Health is unable to comment on pending litigation, a spokesperson said Friday

Bryson Harris Suci & DeMay PLLC represents Goucher and the proposed class.

The case is [Goucher v. All Children's Health System, Inc.](#), M.D. Fla., No. 8:26-cv-01781, complaint filed 6/18/26.

To contact the reporter on this story: [Carmen Castro-Pagán](#) in Washington at ccastro-pagan@bloomberglaw.com

To contact the editor responsible for this story: [Patrick L. Gregory](#) at pgregory@bloombergindustry.com

BDO Defeats Ex-Partner's Claim It Underpaid Retirement Benefits

June 19, 2026

By [Carmen Castro-Pagán](#)

[BDO USA PC](#) prevailed over a former partner seeking \$262,000 in retirement benefits he said the company owed after he initially retired in 2019 but continued working for the tax services firm as a full-time managing director until the end of 2023.

The narrow issue before the US District Court for the District of Columbia was whether BDO should pay Kevin Anderson a lump sum of annual retirement benefits plus an additional sum that allegedly accrued during the 54 months he worked as a full-time salaried employee following his retirement in June 2019.

Anderson's retirement benefits were governed by both a partnership agreement and a subsequent retirement agreement. The latter provided that payments of retirement benefits wouldn't begin until he experienced a separation from service.

Anderson didn't experience such separation when he retired from the partnership in June 2019, Judge Christopher Cooper said in his Thursday [opinion](#). The

retirement agreement provided that Anderson would begin receiving retirement benefits—not ongoing benefits plus 54 months of “accrued” benefits—after he left BDO in December 2023, Cooper said.

The ruling comes after a different federal judge this month [held](#) Anderson is entitled to a jury trial on [claims](#) that BDO discriminated against him when it fired him after he rejected an offer to work with a cut to his pay and benefits.

Cooper rejected Anderson’s argument that “it simply does not make sense” to read the partnership agreement as forfeiting his annual retirement benefit payments until he experienced a separation of service while merely deferring the payment of his additional retirement benefit.

Anderson didn’t forfeit any benefits, Cooper said, and it’s entirely reasonable that the annual retirement benefit payments would begin upon his separation of service, and he would simultaneously receive the full value of his additional retirement benefit.

The annual retirement benefit is a stream of monthly payments made for an indefinite period of time, while the additional retirement payment is a fixed sum equal to the partner’s undistributed earnings account balance and paid in monthly installments, Cooper said. So under the parties’ partnership agreement and retirement agreement, Anderson wasn’t entitled to receive either set of benefits until he experienced a separation from service in December 2023.

Charlson Bredehofft Cohen Brown & Nadelhaft represents Anderson. Dechert LLP represents BDO.

The case is [Anderson v. BDO USA, P.C.](#), D.D.C., No. 1:25-cv-01002, 6/18/26.

To contact the reporter on this story: [Carmen Castro-Pagán](#) in Washington at ccastro-pagan@bloomberglaw.com

To contact the editor responsible for this story: [Jay-Anne B. Casuga](#) at jcasuga@bloomberglaw.com

Health & Fringe Benefits

Worker Fired Over 'Time Theft' Has No COBRA Claim, Judge Says

June 19, 2026

By [Jay-Anne B. Casuga](#)

A Hyundai dealership worker's firing over "time theft" amounted to gross misconduct that foreclosed continued healthcare coverage under COBRA, a Missouri federal judge said, addressing an issue with a "dearth" of legal precedent.

Clement Auto Group LLC, which operates Clement Hyundai, terminated Byron Green after it found discrepancies in his time card showing he was working during periods when he was on intermittent medical leave for cancer treatments. The company said that gross misconduct meant it didn't have to notify Green about COBRA benefits or provide them.

Gross misconduct isn't defined in the Consolidated Omnibus Budget Reconciliation Act or its regulations, Chief Judge Stephen Clark of the US District Court for the Eastern District of Missouri [said](#) Thursday. The US Court of Appeals of the Eighth Circuit, which includes Clark's district, also hasn't fully explored the term, he said.

Relying on precedent from other courts, Clark said gross misconduct includes when workers steal from their employers.

The record shows Green "engaged in at least some time theft," which "illustrates an intentional, willful, deliberate, or reckless indifference to his employer's interest," Clark found in granting summary judgment to Clement.

Clark also ruled in Clement's favor on Green's interference and retaliation claims under the Family and Medical Leave Act.

The Rowles Law Firm LLC represents Green. Gordon Rees LLP represents Clement.

[Green v. Clement Auto Grp., LLC](#), E.D. Mo., No. 25-00168, 6/18/26.

To contact the reporter on this story: [Jay-Anne B. Casuga](#) in Washington at jcasuga@bloomberglaw.com

To contact the editor responsible for this story: [Adam M. Taylor](#) at ataylor@bloombergindustry.com

Have a News Tip?

You can send encrypted messages to Bloomberg Law reporters though Signal at 703-963-7459.

