Elon Musk must face lawsuit claiming he ran illegal \$1-M election lottery

ELON MUSK was ordered on Wednesday by a federal judge to face a lawsuit by voters accusing the world's richest person of defrauding them into signing a petition to support the US Constitution for a chance to win his \$1 million-a-day giveaway.

US District Judge Robert Pitman in Austin, Texas said Jacqueline McAferty plausibly alleged in her proposed class action that Mr. Musk and his political action committee (PAC) America PAC wrongly induced her to provide personal identifying information as part of the giveaway, late in the 2024 election campaign.

Lawyers for Mr. Musk and America PAC did not immediately respond to requests for comment.

Mr. Musk founded America PAC to support Republican Donald J. Trump's successful 2024 presidential run

Ms. McAferty, an Arizona resident, said Mr. Musk and America PAC induced voters in seven battleground states to sign his petition by promising that \$1 million recipients would be chosen randomly, as in a lottery, though the voters had no real chance to collect.

She said voters who signed were also required to provide names, addresses, e-mail addresses and phone numbers.

In seeking a dismissal, Mr. Musk listed several "red flags" as proof he had not run an illegal lottery.

He said these included statements that the \$1 million recipients were "selected to earn" the money and expected to become America PAC spokespeople, defeating the idea that the payment was a "prize."

But the judge cited other statements suggesting the defendants were "awarding" the \$1 million, and the money could be "won."

"It is plausible that plaintiff justifiably relied on those statements to believe that defendants were objectively offering her the chance to enter a random lottery — even if that is not what they subjectively intended to do," Mr. Pitman wrote.

The judge was appointed to the bench by President Barack Obama in 2014.

Mr. Musk had also rejected the suggestion that petition signers suffered harm by providing contact information. Mr. Pitman said an expert in political data brokerage could testify what that information was worth for voters in battleground states.

The lawsuit was filed on Election Day, Nov. 5, 2024.

A day earlier, a Philadelphia judge refused to end Mr. Musk's giveaway, saying that city's top prosecutor failed to show it was an illegal lottery.

Mr. Musk is a Texas resident, and his electric car company Tesla is based in Austin.

The case is McAferty vs. Musk et al, US District Court, Western District of Texas, No. 24-01346. — **Reuters**

China faces welfare reform test as court ruling hits jobs, small firms

BEIJING — China's top court ruling that makes it illegal for businesses and employees to avoid social insurance payments is stoking fears about jobs and the survival of small firms, forcing Beijing to confront the risks of long-promised welfare reform.

The ruling, analysts and one government adviser say, aims to replenish depleted pension coffers in ageing regions and lay the groundwork for more generous welfare, helping China transition to a growth model that relies more on consumer demand and less on debt-driven infrastructure and industrial investment.

The Supreme People's Court said this month the levies have always been mandatory, but acknowledged patchy enforcement. In practice, millions of workers informally agree with factories, construction firms, delivery services, restaurants and other small businesses not to pay into the scheme so they can keep the money.

Hit by higher US trade tariffs this year, some factories have fired full-time staff and rehired them as day labor to save on pension, unemployment, medical and other insurance payments.

Analysts say the court ruling, which is effective Sept. 1, could bring Beijing closer to meeting its long-standing pledge to bolster the safety net in the world's second-largest economy, but it also poses a difficult test to the government's broader reform ambitions as it creates immediate risks to economic growth if businesses and workers have less to spend.

Jia Kang, founding president of the China Academy of New Supply-Side Economics, told Reuters the decision could be "a matter of life or death for many small firms."

Societe Generale estimates the costs to firms and consumers at about 1% of gross domestic product if the ruling is enforced.

"China is confronting the core question of who pays for reform," said Joe Peissel, an analyst at research firm Trivium.

As things stand, workers and

businesses bear the burden, which



undermines employment and consumption and may not be sustainable, he said. This calls for new policies to make more state resources available to the welfare system.

"The long-term success of these reforms will hinge on whether the government is willing to shoulder more of the cost," said Mr. Peissel.

The human resources ministry, and the State Council Information Office, which answers media queries for the government, did not immediately respond to a comment request.

INSTANT IMPACT

Social insurance contributions differ by city but typically equal about a tenth of gross income for employees and roughly a quarter for employers.

That's high by global standards and incentivizes informal workarounds, economists say.

A complex system of paybands also makes social insurance payments highly regressive, with low-income workers bearing a heavier burden than top earners, discouraging them from paying, a 2024 report by China's top legislature found.

A survey of more than 6,000 firms by human resources firm Zhonghe Group last year found only 28.4% of them were fully compliant with social insurance rules. Official data shows 387 million employees contribute to China's urban pension scheme, roughly half of the workforce.

Mary Dai, 23, a waitress in the eastern city of Jinhua, said her boss asked her to accept a salary cut to 2,500 yuan from 4,000 yuan per month if they both had to pay contributions.

"It's like one sweeping blow killing everyone" said Ms. Dai, adding such income would not cover her basic needs and she would return to her village to live with her parents.

Qin Sinian, a restaurant owner in the southwestern city of Mianyang, said he fired six of his 12 workers to be able to afford paying social insurance from next month.

His restaurant makes 700,000 yuan annually, of which 500,000 goes on rent, labor and ingredients. Social insurance will add 120,000 yuan, leaving just 80,000 yuan (\$11,140) before taxes.

"It feels like being crushed beneath a mountain," Mr. Qin said.

Social media users have also expressed a lack of trust in how their contributions are managed. A 2024 cabinet report found 13 provinces had diverted 40.6 billion yuan from pension funds to other expenditures.

Xiao Qiang, founder of US-based censorship tracker China Digital Times, said some posts on this topic have been taken down, including views that the ruling disproportionately hurts the most vulnerable.

A construction worker from the central Hubei province, giving only her surname Li for privacy, said neither she nor her employer can afford social insurance on her 3,500 yuan wage.

"When they roll out these policies, do they even consider the struggles of people at the bottom?" Mr. Li said.

LABOR 'SUPPRESSION'

Waiving social insurance payments has fed China's economic imbalances at home and abroad.

It lowers factory labor costs and improves China's export competitiveness. It makes public infrastructure works cheaper, which in turn lowers logistics costs for manufacturers and brings supply chains closer together.

But as China ages, missed payments pose risks to the pension system — predicted to run out of money by 2035.

It also worsens industrial overcapacity by freeing resources for factory expansion. And it forces workers to save for rainy days on their own, a key drag on consumer spending.

"A core flaw in China's overall economic development has been relying on suppressed labor costs to compete, generating large trade surpluses, especially with the United States and Europe," said a policy adviser, requesting anonymity due to the topic's sensitivity.

"This is not a viable long-term path," the adviser said, citing trade tensions. "If you can't afford to pay wages, what kind of business are you running?"

The adviser suggested Beijing should increase unemployment benefits before tightening enforcement to cushion the blow of business closures.

Societe Generale analysts expect the government will either delay implementation or roll out more stimulus to offset the impact.

"Another shock to the labor market is the last thing policymakers would like to see," they wrote in a note. — *Reuters*

D&L Industries to proceed with second biodiesel plant

LISTED food ingredients and oleochemicals producer D&L Industries, Inc. will proceed with its planned second biodiesel plant to increase capacity despite the recent suspension of the government-mandated blend increase.

"Even if the (blend) increase was postponed, it was not canceled. It will only be done at a later date. It would still make sense to proceed with more capacity for biodiesel," D&L President and Chief Executive Officer Alvin D. Lao told reporters recently.

"It's still in the planning stages. I would say it's probably a matter of when, not if. There's a high probability we will make a second plant. In terms of when, how big, or how much we'll spend, we're not there yet," he added.

The Department of Energy issued an advisory last month announcing the suspension of the planned increase in the coco methyl ester (CME) component of biodiesel amid high coconut oil prices that could impact pump prices.

The increase to a 4% biodiesel blend was supposed to be implemented on Oct. 1, rising to 5% a year later.

Mr. Lao said that a second biodiesel plant "makes sense" for D&L moving forward.

D&L subsidiary Chemrez Technologies, Inc. operates a biodiesel plant in Quezon City with an annual capacity of 90 million liters.

"The fact that we made that announcement, it's something we're very serious about," Mr. Lao said.

In March, D&L said it was evaluating the risks and returns of building a second biodiesel plant.

The company added that the decision depends on how the plant would align with its growth objectives and the goal of maximizing long-term shareholder value.

"D&L maintains a positive long-term outlook on the local biodiesel sector, recognizing the significant benefits that an increased biodiesel blend can offer to the economy, environment, and consumers," it said.

In October last year, the CME blend in diesel was raised to 3% from 2%, in support of efforts to lower dependence on imported fuel, reduce greenhouse gas emissions, and support the biodiesel industry.

D&L shares were last traded on Aug. 20, unchanged at P5 apiece. — **Revin Mikhael D. Ochave**

DICT plans follow-up study on BNPP repurposing — Aguda THE Department of Information and Comthe BNPP is well suited to be converted into

THE Department of Information and Communications Technology (DICT) plans to conduct its own study on converting the mothballed Bataan Nuclear Power Plant (BNPP) into a data center.

"The KOICA (Korea International Cooperation Agency) funded study is expected to be finished by November. There is an ongoing technical study if it can really be done," DICT Secretary Henry Rhoel R. Aguda told reporters on the sidelines of the general membership meeting of the Philippine Chamber of Commerce and Industry on Wednesday.

Mr. Aguda was referring to the memorandum of understanding signed between the Philippines and South Korea in 2024.

Immediately after KOICA's feasibility study is finished, the agency will conduct its own study as well, Mr. Aguda said, noting that

a data center.

"The ingredient of a hyperscaler is already there, the infrastructure and it is also a very good location. There's a free port, fiber optic connectivity around the area and there's a landing station," he said.

Mr. Aguda added that the BNPP has the capacity to be converted into a 600-megawatt (MW) data center.

In November, the Department of Energy (DoE) said it remains focused on reviving the mothballed BNPP, although it is also actively studying the feasibility of converting it into a data center.

Last year, Bataan Governor Jose Enrique S. Garcia III floated the data center plan, citing it as a potential draw for investors. — **Ashley Erika O. Jose**

