Authentic Brands Buys Care Bears

The private-equity sellers leaned in to licensing and royalty agreements

By Isaac Taylor

Private-equity firms IVEST Consumer Partners and Cloverlay have sold the Care Bears brand of plush toys and related rights to **Authentic Brands Group**.

Authentic Brands, a company focused on entertainment, sports and media, owns intellectual property that generates more than $36 billion in annual retail sales. The Care Bears operation, run under IVEST by Cloudco Entertainment, is on track to exceed $750 million in retail sales by the end of this year.

"Care Bears is a powerful addition to Authentic's entertainment portfolio and reflects the versatility of our global intellectual property platform," said Matt Maddox, the president and chief executive of Authentic Brands.

"Entertainment now represents approximately 20% of our business and is our fastest-growing vertical," Maddox said. IVEST has worked to update and raise visibility of the Care Bears brand, through direct licensing and royalty agreements, according to the investment firms.

Cloverlay and IVEST acquired Care Bears in 2023 from the Weiss family, the sole owners of the brand for more than 40 years. The character-based brand began on greeting cards before expanding to toys and then television and other platforms.

The two firms first acquired Care Bears with the intention of expanding its popularity through licensing and royalty agreements.

"Our work is done," said Jeff Collins, a managing partner at Cloverlay. "We have taken it from point B to point D, and Authentic Brands is the right steward to take it forward."

Under Cloverlay and IVEST's ownership, Care Bears revenue rose about fourfold. The brand has generated more than $12 billion in retail sales since its inception in 1981.

Cloverlay views the character-based brand as uncorrelated with broader markets that are susceptible to macroeconomic turbulence. A plush toy may be dependent on unpredictable consumer spending, but the underlying business model is built on revenue stemming from royalties, Collins said. The brand is recognized around the world, with products and entertainment distributed in some 190 territories.

The Care Bears brand has more than 1,000 contracts for its intellectual property, an increase from when Cloverlay and IVEST took over, with Cloverlay providing the financing and IVEST the operational expertise.

The brand built minimum guarantees into the licensing contracts it negotiated, which helped insulate it from shifts in consumer demand. For example, if a Care Bears keychain didn't sell any units, the owners would still receive a guaranteed amount of capital for brand licensing. The contracts also allowed the owners to receive a share of the financial gains provided they exceeded certain profit targets.

The firms found success with Care Bears in a plush toy market that has become increasingly competitive, with brands such as Hello Kitty and, more recently, China's Labubu, according to Cloverlay's Collins.

Isaac Taylor writes for WSJ Pro Private Equity.

RICHARD DREW/AP

The brand has generated more than $12 billion in retail sales since its inception in 1981.

Ford Recalls More Than 740,000 Vehicles

By Joseph De Avila

Ford Motor is recalling more than 740,000 vehicles because of a transmission and parking system issue, according to federal regulators.

Some of the company's vehicles have transmission defects that could cause them to engage the park function while in motion, potentially damaging the vehicle's parking system, the U.S. National Highway Traffic Safety Administration said in a recall notice.

That could lead to the vehicle rolling away while its in park.

The recall covers certain Expedition, Navigator, Explorer, Aviator, F-150 models from the years 2018 to 2021.

The recall covers 741,195 vehicles, the National Highway Traffic Safety Administration said.

Dealers will update vehicle software and inspect and replace any damaged transmission components free of charge, the federal regulator said.

Ford recalled up to 1.39 million F-150 pickups in April over the risk of unexpected downshifting that can lead to a loss of vehicle control.

The automaker has also issued separate recalls in recent months related to software problems with center screens and another to correct a software issue that could cause brake lights and turns signals in attached trailers to malfunction.

In 2025, the company issued more recalls than any other automaker, affecting nearly 13 million vehicles.

Suit Alleges Insider Trades on Chinese Broker

By Alexander Osipovich

Mystery traders used advance knowledge of a Chinese brokerage crackdown to make more than $100 million in profit from well-timed options trades, one of the world's biggest electronic-trading firms alleged in a lawsuit.

Two units of **Susquehanna International Group** filed the lawsuit in federal court, naming up to 100 "John Does" as defendants.

Susquehanna—which said it took a big loss after being caught on the wrong side of the trades—is seeking to uncover the traders' identities and force platforms that facilitated the transactions to freeze their accounts.

The timing and nature of the options bets strongly suggested that the unknown traders knew in advance that Chinese regulators were moving to penalize **Futu** and **UP Fintech**, the parent company of Tiger Brokers, Susquehanna said.

Futu and Tiger Brokers are online brokerages popular in Hong Kong and other Asian markets. On May 22, the China Securities Regulatory Commission said that it had found them to be illegally serving customers in mainland China without the proper licenses, a move that triggered a sharp drop in the share prices of the two companies.

Both Futu and Up Fintech have U.S. shares listed on the Nasdaq. Susquehanna alleged that the mystery traders cashed in on their inside information by buying large quantities of bearish put options that would pay out if the price of Futu and UP Fintech stock dropped.

Susquehanna lost $71.4 million being on the wrong side of the trades.

The CSRC, Futu and UP Fintech didn't respond to requests for comment. Immediately after the May 22 crackdown, both brokerage firms said they were cooperating with the Chinese regulator.

The traders bought the options contracts for about $12 million and earned a profit of more than $100 million, reflecting a return of more than 900%, Susquehanna said.

The profit makes the alleged scheme "one of the largest documented cases of insider trading in recent memory," Susquehanna said in the lawsuit.

By comparison, the total illegal profit from the insider-trading scheme directed by hedge-fund titan Raj Rajaratnam was $53.8 million. The founder of hedge fund Galleon Group was convicted of securities fraud and conspiracy in 2011.

Susquehanna itself lost $71.4 million by being caught on the wrong side of the options trades, it said in the lawsuit, offering a rare glimpse of a trading loss at the secretive options powerhouse.

The Pennsylvania-based firm led by billionaire Jeff Yass is one of the largest market makers in U.S. options, meaning that when investors buy or sell options, Susquehanna often takes the opposite side of the bet.

Known for its use of poker to train young traders, Susquehanna uses sophisticated quantitative models to determine what price it is willing to buy or sell at, ensuring that it makes money as it trades vast quantities of stocks, options and futures every day.

But in the case of the Futu and UP Fintech trades, Susquehanna said it faced an even more knowledgeable opponent—traders who knew the companies were in the crosshairs of regulators.

From May 7 to 21, there was a significant increase in purchases of put options on Futu and UP Fintech, according to Susquehanna's lawsuit.

Many of those contracts would only pay out if the stocks dropped sharply, well below their prices at the time that the mystery traders bought the options. Many were also "short-dated," meaning that if there hadn't been a big price drop within the coming days, the contracts would have expired worthless.

The trades "thus suggest inside knowledge not only that the crackdown news was going to be announced, but also its approximate timing," Susquehanna said.

Dish DBS Files for Bankruptcy Protection

By Alexander Gladstone

Dish DBS, the satellite pay-TV provider under Charlie Ergen's **EchoStar** broadcast empire, filed for bankruptcy on Tuesday after a deal to sell spectrum to **AT&T** was held up.

The company entered chapter 11 in the U.S. Bankruptcy Court in Houston with a prepackaged plan backed by 88% of its creditors holding Dish DBS bonds.

Under the plan, Dish intends to reorganize the business and pay down debt once the $20.25 billion of proceeds from the AT&T sale is received.

EchoStar said that the bankruptcy filing follows "unforeseeable regulatory actions" that necessitated the sale of its wireless spectrum licenses and the decommissioning of its Dish Wireless 5G network. The company has an agreement to sell additional spectrum to SpaceX, though that deal hasn't yet closed either.

Dish DBS will operate as usual in bankruptcy, a process from which it aims to emerge by the end of the third quarter. Operations for Dish TV and Sling TV will continue without interruption.

ANDY RAIN/EPA/SHUTTERSTOCK

The company said more customers are doing their large weekly shopping at Sainsbury's, delivering volume growth.

U.K.'s J Sainsbury Reports Sales Gain

By Adam Whittaker

J Sainsbury backed its full-year guidance after posting first-quarter sales growth, but warned that the impact of the Middle East conflict on its customers and business remains uncertain.

The British grocer on Tuesday said it continues to expect a full-year underlying operating profit of between 975 million and 1.075 billion pounds ($1.29 billion and $1.43 billion). Retail free cash flow is expected to be more than £500 million.

It backed its guidance after posting a 2.1% on-year rise in like-for-like sales excluding fuel for the 16 weeks ended June 20.

The company said more customers are doing their large weekly shopping at Sainsbury, delivering continued volume growth.

Total retail sales excluding fuel for the period increased 2.7% on year to £9.15 billion, while grocery sales rose 3.6% to £7.6 billion.

However, general merchandise and clothing sales dropped 3.7% and its Argos unit posted a 0.5% fall in sales.