

WILSON SONSINI

Gregory L. Watts

PARTNER

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FOCUS AREAS

Board and Internal
Investigations
Commercial Litigation
Corporate Governance
Corporate Governance
Litigation
Government Investigations
Litigation
Mergers & Acquisitions
Securities Litigation

HIGHLIGHTS

- **Experienced Securities Litigator**
Greg has represented clients in over 100 securities, shareholder, and corporate governance matters and has had exceptional success in winning securities class action and shareholder derivative lawsuits filed against public companies.
- **Investigative Expertise**
Greg has extensive experience defending companies and individuals in connection with SEC investigations, and frequently conducts board, audit committee, and special committee internal investigations.
- **A Recognized Practitioner**
Greg is recognized in the 2023 edition of *Chambers USA* for his securities litigation practice and is consistently recognized as a leader in his field by *Washington Super Lawyers*.

EXPERIENCE

Working out of the firm's Seattle and Salt Lake City offices, Greg Watts is a partner at Wilson Sonsini Goodrich & Rosati, where he focuses on securities and complex commercial litigation. For almost 25 years, Greg has specialized in counseling and defending companies and their directors and officers in securities class actions, shareholder derivative actions, contested mergers and acquisitions, corporate governance matters, SEC investigations and enforcement proceedings, and internal investigations.

Greg co-authored *Director and Officer Liability*, 3rd Ed. (with Barry Kaplan), published by the Practising Law Institute (PLI). Greg has represented clients in over 100 securities, shareholder, and corporate governance matters. He has had exceptional success in winning securities class action and shareholder derivative lawsuits filed against publicly traded companies. In just the past five years, Greg has won cases for Blucora, Costco Wholesale, Domo, Fennec Pharmaceuticals, Globus Medical, Isoray, Mentor Graphics, Novan, PowerSecure International, Seattle Genetics, Starbucks, and Sterling Financial. Due to his expertise, Greg has represented clients around the country in federal and state court, including in Alabama, California, Colorado, Delaware, Idaho, Minnesota, Missouri, New York, North Carolina, Oregon, Pennsylvania, Texas, Utah, and Washington.

Greg has extensive experience defending companies and individuals in connection with SEC investigations, including those involving financial reporting and accounting fraud allegations, disclosure issues, and potential insider trading violations. In SEC matters, he has represented clients at every stage—from the inception of an SEC inquiry through the Wells Notice (the point at which the SEC enforcement staff recommends the initiation of a lawsuit) to bench and jury trials. On many occasions, an enforcement action ultimately was not filed.

Greg frequently conducts board, audit committee, and special committee internal investigations. These investigations often are time sensitive, complex, and/or involve highly confidential corporate information, and Greg prides himself on working with board members and outside auditors to develop cost-effective investigation procedures.

CREDENTIALS

Education

- J.D., Duke University School of Law
Member and Editor, Duke Law Journal
- B.A., English Literature and Philosophy, Utah State University
Valedictorian, Summa Cum Laude

Associations and Memberships

- Co-chair, Northwest Securities Institute, 2013-2016
- Member, Securities Committee, Washington State Bar Association

Honors

- Recognized in the 2023 edition of *Chambers USA: America's Leading Lawyers for Business*, where sources describe him as "responsive," "practical," and an "excellent writer and thinker who provides high-caliber work"
- Named in the 2014-2022 editions of *Washington Super Lawyers*
- Named in the 2013 edition of *Northern California Super Lawyers*
- Named to the 2009, 2010, and 2011 editions of the "Rising Stars" list published by *Northern California Super Lawyers*

Admissions

- Bar of the District of Columbia
- State Bar of California
- State Bar of Utah
- State Bar of Washington
- Supreme Court of California
- All federal district courts in Washington, Utah, Colorado and California
- U.S. Courts of Appeals for the Third, Fourth, Eighth, Ninth, Tenth, and Eleventh Circuits
- U.S. Supreme Court

MATTERS

Select Matters

Securities Class Actions and Derivative Actions:

- *Chapman v. Fennec Pharmaceuticals et al.*, 2022 U.S. Dist. LEXIS 37004 (M.D.N.C. Mar. 2, 2022), 2021 U.S. Dist. LEXIS 254512 (M.D.N.C. Dec. 16, 2021). Represented Fennec Pharmaceuticals and certain members of his executive team and board of directors in a securities class action alleging that defendants violated Section 10(b) and 20(a) of the Exchange Act by making false or misleading statements about the company's drug substance manufacturing capabilities and the timing and prospects of its NDA for PEDMARK, a drug used to prevent hearing loss in children undergoing certain types of chemotherapy. Obtained dismissal with prejudice by district court.
- *Davoli v. Costco Wholesale Corp. et al.*, 2020 U.S. Dist. LEXIS 15035 (W.D. Wash. Aug. 19, 2020), 2021 U.S. App. LEXIS 21420 (9th Cir. July 20, 2021). Represented Costco Wholesale and its senior management in a shareholder class action pointing to Costco's disclosure of a material weakness in October 2018 and alleging that the defendants made false or misleading statements concerning the company's internal controls over financial reporting related to user access and program change management in June 2018, in violation of Section 10(b) and 20(a) of the Exchange Act. Obtained dismissal with prejudice by the district court. Affirmed by the U.S. Court of Appeals for the Ninth Circuit.
- *Volonte v. Domo, et al.*, 2021 WL 1960296 (Utah Dist. Court, April 13, 2021). Represented Domo and certain members of its executive team and board of directors in a securities class action alleging defendants misled investors by making false and misleading statements in Domo's registration statement and prospectus in connection with its IPO in violation of Sections 11, 12(a)(2), and 15 of the Securities Act. Obtained a dismissal of the complaint due to improper venue because Domo's federal forum provision bylaw required the plaintiff to pursue Securities Act claims in federal court. On appeal to the Utah Court of Appeals.
- *EXKAE Ltd. v. Domo, Inc., et al.*, 2020 WL 7352735 (D. Utah Dec. 15, 2020). Represented Domo, its senior management, and its board of directors in a shareholder class action alleging that

- defendants made false or misleading statements, including in Domo's IPO registration statement and prospectus, concerning the company's business prospects and go-to-market strategies in violation of Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act. Obtained dismissal with prejudice by the district court.
- *Haroutunian v. Mentor Graphics, et al.*, 2019 WL 6902560 (9th Cir. Dec. 18, 2019); 2018 WL 3618365 (D. Ore. July 27, 2018); 2017 WL 3622779 (D. Ore. Aug. 23, 2017); 2017 WL 3668957 (D. Ore. June 2, 2017). Represented Mentor Graphics and its officers in connection with a shareholder class action alleging that Mentor Graphics made false or misleading statements concerning the company's financial projections and the impact of competition and semiconductor industry consolidation on the company's business. Obtained dismissal with prejudice. Affirmed on appeal by the U.S. Court of Appeals for the Ninth Circuit.
 - *Stein v. FLIR Systems, et al.* (Multnomah Cty. Cir. Ct. Aug. 5, 2019). Represented FLIR Systems and certain of its board of directors in a shareholder derivative action filed in Oregon state court alleging breaches of fiduciary duty related to the company's settlement with United States Department of State of alleged export control violations. Obtained dismissal for failure to make a demand on the board before filing suit.
 - *In re Novan, Inc. Securities Litigation*, 2018 WL 6732990 (M.D.N.C. Nov. 30, 2018). Represented Novan and its officers and directors in a shareholder class action alleging that Novan made false or misleading statements, including in its IPO registration statement and prospectus, concerning its Phase 3 clinical trials for SB204, a nitric oxide-based topical gel for the treatment of acne vulgaris, in violation of Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act. Obtained dismissal with prejudice by the district court.
 - *Tilden v. Blucora, Inc., et al.*, 2018 WL 5307706 (Del. Ch. Oct. 26, 2018). Represented Blucora in a series of shareholder derivative actions filed in Washington, California, and finally in Delaware alleging breaches of fiduciary duty related to two acquisitions, share repurchases and alleged insider trading. Obtained dismissals of actions in Washington and California based upon the company's Delaware venue selection provision in its bylaws, forcing the shareholder plaintiff to file in Delaware. Once in Delaware, obtained dismissal with prejudice by the Court of Chancery for failure to make a demand on the board before filing suit.
 - *Myers v. Starbucks Corp. et al.*, 2018 WL 3046425 (W.D. Wash. June 20, 2018); 2017 WL 3872408 (W.D. Wash. Sept. 5, 2017). Represented Starbucks and its board of directors in a shareholder derivative action alleging that the board insufficiently investigated and wrongfully refused a shareholder litigation demand that the company pursue claims against certain directors and officers for the company's alleged underpayment of taxes in the European Union. Obtained dismissal with prejudice.
 - *Patel v. Seattle Genetics, et al.*, 2018 WL 235917 (W.D. Wash. May 24, 2018); 2017 WL 4681380 (W.D. Wash. Oct. 18, 2017). Represented Seattle Genetics and its officers in a shareholder class action alleging that Seattle Genetics made false or misleading statements concerning the safety profile of a developmental cancer drug. The lawsuit was filed after the FDA placed clinical holds on certain clinical trials of the drug. Obtained dismissal with prejudice by the district court.
 - *Maguire Financial L.P. v. PowerSecure International, Inc., et al.*, 876 F.3d 541 (4th Cir. 2017); 2016 U.S. Dist. LEXIS 124465 (E.D.N.C. Sept. 14, 2016); 2014 U.S. Dist. LEXIS 145443 (E.D.N.C. Oct. 10, 2014). Represented PowerSecure International and its officers in a shareholder class action alleging that PowerSecure, a provider of utility and energy technologies and services, issued knowingly false financial projections and misled investors about the nature of a large new service contract with a major utility. Obtained dismissal with prejudice by the district court. Affirmed on appeal by the U.S. Court of Appeals for the Fourth Circuit.
 - *Kitley v. IsoRay, Inc., et al.*, 2017 WL 4737244 (D. Minn. Oct. 19, 2017). Represented IsoRay, a developer of radiation seed therapy for treating cancer, and its current and former directors in a shareholder derivative action alleging that the individual defendants breached their fiduciary duties by authoring, allowing and/or failing to correct an allegedly misleading press release concerning a published study. Obtained dismissal with prejudice by the district court.
 - *Williams v. Globus Medical, Inc., et al.*, 869 F.3d 235 (3d Cir. 2017); 2016 U.S. Dist. LEXIS 113740 (E.D. Pa. Aug. 25, 2016). Represented Globus Medical and its officers in a shareholder class action alleging that defendants issued knowingly false annual financial projections that included revenue from a distributor with which Globus was no longer doing business. Obtained dismissal with prejudice by the district court. Affirmed on appeal by the U.S. Court of Appeals for the Third Circuit.
 - *In re Atossa Genetics Inc. Securities Litigation*, 868 F.3d 784 (9th Cir. 2017); 2014 WL 4983551 (W.D. Wash. Oct. 6, 2014). Represented Atossa Genetics and its directors and officers in a shareholder class action alleging that defendants made false or misleading statements in its IPO prospectus and subsequent SEC filings, press releases, and interviews regarding the company's breast cancer screening products. Obtained dismissal by the district court. Affirmed in part and reversed in part on appeal by the U.S. Court of Appeals for the Ninth Circuit, affirming dismissal of all IPO-related claims and many other alleged misstatements.

- *City of Roseville Employees' Retirement System v. Sterling Financial Corp.*, 691 F. App'x 393 (9th Cir. 2017), 47 F. Supp. 3d 1206 (E.D. Wash. 2014), 963 F. Supp. 2d 1091 (E.D. Wash. 2013). Represented Sterling Financial Corporation and its former officers in a shareholder class action arising from an FDIC cease and desist order and alleging that the bank failed to properly reserve for non-performing construction loans and otherwise misled shareholders as to the quality of the bank's loan portfolio and underwriting practices. Obtained dismissal with prejudice by the district court. Affirmed on appeal by the U.S. Court of Appeals for the Ninth Circuit.
- *In re Starbucks Corp. Derivative Litigation* (King County Super. Ct. Nov. 7, 2014). Represented Starbucks and its board of directors in a shareholder derivative action alleging that board members breached their fiduciary duties in deciding to terminate Starbucks' commercial relationship with Kraft and for failing to accrue a litigation loss contingency during the pendency of the Kraft-Starbucks arbitration that ultimately resulted in a \$2.8 billion arbitration award against Starbucks. Obtained dismissal with prejudice.
- *In re Intermec, Inc. Shareholder Litigation* (Snohomish Cty. Super. Ct. 2013): Represented Intermec and its directors in a purported shareholder class action contesting the company's merger with Honeywell and alleging that the directors breached their fiduciary duties. Defeated plaintiffs' motion to preliminarily enjoin the merger. With approval of the court, plaintiffs subsequently dismissed their case with prejudice.
- *Simon v. Stang, et al.* (Cal. Ct. App. 2013). Represented Solta Medical and directors of acquired company in purported shareholder class action challenging the merger and alleging breach of fiduciary duty, self-dealing, and conspiracy to deprive shareholders of voting rights under California Corporations Code Section 2115. Obtained dismissal by the trial court. Affirmed on appeal.
- *City of Marysville General Employees Retirements System v. Nighthawk Radiology Holdings, Inc., et al.*, 2011 WL 4584778 (D. Idaho Sept. 12, 2011). Represented Nighthawk Radiology and its former officers in a shareholder class action arising out of the company's integration of acquisitions and missed earnings and revenue guidance. Obtained dismissal by the district court.
- *In re Avaya, Inc. Securities Litigation*, 564 F.3d 242 (D. N.J. 2009). Represented the company and its current and former officers in a shareholder class action arising out of a missed quarter. Obtained dismissal with prejudice by the district court, which was largely affirmed on appeal. Following remand, the case settled within the insurance coverage retention/deductible.
- *In re Juniper Networks Securities Litigation*, 158 F. App'x 899 (9th Cir. 2005). Represented the company and its current officers and directors in a shareholder class action arising out of a missed quarter. Obtained dismissal with prejudice by the district court, which was affirmed on appeal.
- *In re Read-Rite Corporation Securities Litigation*, 335 F.3d 843 (9th Cir. 2003). Represented the company and its current and former officers and directors in a shareholder class action arising out of a missed quarter and problems developing next-generation recording heads. Obtained dismissal with prejudice by the district court, which was affirmed on appeal.
- *In re H&R Block Derivative Litigation* (W.D. Mo.). Represented the outside directors of H&R Block in a shareholder derivative lawsuit alleging breaches of fiduciary duty related to the company's financial restatement and offering of certain financial products. Obtained dismissal of claims against clients that was reversed on appeal. Plaintiffs ultimately dismissed the lawsuit voluntarily.

SEC Investigations & Enforcement Proceedings:

- Lead counsel for medical device company in civil DOJ and SEC investigations related to alleged violations of the False Claims Act and the federal anti-kickback statute, off-label promotion, and failure follow Current Good Manufacturing Practices
- Lead counsel for utility services provider in SEC investigation into the company's segment reporting
- Lead counsel for computer hardware manufacturer in SEC investigation stemming from a financial restatement
- Represented broadband-cable hardware company in SEC investigation stemming from company's financial restatement
- Represented global technology company in SEC investigation into whether the company offered or sold securities without a registration statement when it provided stock options to employees before going public
- Represented former controller of a healthcare information technology company in SEC investigation into two alleged "roundtrip" transactions

Corporate Investigations:

- *Audit Committee of Private SaaS Company*. Conducted investigation into former employee's allegations of executive management breaches of fiduciary duty and improper accounting.

- *Board of Directors of Public Software Company.* Conducted an investigation into shareholder litigation demand alleging company failed to satisfy shareholder meeting quorum requirements and therefore did not obtain shareholder approval for stock plan amendments.
- *Board of Directors of Starbucks Corporation.* Conducted investigation into shareholder litigation demand alleging directors and officers breached their fiduciary duties with respect to the company's alleged underpayment of taxes in the European Union.
- *Audit Committee of Public Financial Services Company.* Conducted an internal investigation into unreported overpayment of CEO compensation.
- *Demand Evaluation Committee of Public Biotechnology Company.* Conducted an independent investigation into allegations that compensation awarded to certain executives was not tax-deductible under Internal Revenue Code Section 162(m).
- *Audit Committee of Public Software Company.* Conducted an internal investigation under intense time pressure into allegations that the company improperly recognized revenue on a large software sale.
- *Audit Committee of Public Secure Identification Provider.* Conducted an internal investigation into allegations that the company improperly capitalized costs in violation of certain accounting rules.

CLIENTS

Select Clients

Public companies represented in one or more shareholder class action and/or derivative lawsuits include:

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| <ul style="list-style-type: none"> ▪ Align Technology ▪ Aptio ▪ Athira Pharma ▪ Atossa Genetics ▪ Avaya ▪ Banc of America Securities ▪ Benefitfocus ▪ Blucora ▪ The Boeing Company ▪ Cell Therapeutics ▪ Chelsea Therapeutics ▪ Costco Wholesale* ▪ Domo* ▪ eHealth ▪ Fennec Pharmaceuticals* ▪ Fisher Communications ▪ FLIR Systems ▪ Flow International ▪ Freescale Semiconductor ▪ Globus Medical ▪ H&R Block (outside directors) ▪ Impinj ▪ Intermec ▪ Isilon Systems* ▪ IsoRay* ▪ Juniper Networks ▪ Legato Systems | <ul style="list-style-type: none"> ▪ Marvell Technology Group, Ltd. ▪ McAfee ▪ Mentor Graphics ▪ Meta Materials ▪ Nabors Industries, Ltd. ▪ NetSolve ▪ New Era of Networks (NEON)* ▪ Novan ▪ Nighthawk Radiology* ▪ Outerwall (fka Coinstar) ▪ Pluralsight* ▪ Ply Gem (Officers) ▪ PowerSecure International, Inc. ▪ Ra Medical Systems ▪ Read-Rite* ▪ Redback Networks ▪ Seagen (fka Seattle Genetics) ▪ Solta Medical ▪ Sonus Pharmaceuticals ▪ Starbucks Corporation* ▪ Sterling Financial Corporation* ▪ Trulia ▪ Viracta Therapeutics ▪ Wheaton Precious Metals (fka Silver Wheaton) |
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*Indicates representation in multiple lawsuits during different time periods.

INSIGHTS

Select Publications

- Contributor, "SEC Proposes Rules to Alter Disclosure and Liability Regime for De-SPAC Transactions," Wilson Sonsini Alert, April 7, 2022
- Contributor, "Ninth Circuit Cuts Shareholders More Slack on Section 11 Claims," Wilson Sonsini Alert, September 22, 2021
- Contributor, "SEC Announces Enforcement Action Relating to Proposed De-SPAC Transaction," Wilson Sonsini Alert, July 13, 2021

- Contributor, "SEC Signals Heightened Focus on SPACs and de-SPAC Transactions," Wilson Sonsini Alert, April 12, 2021
- "I Got a Bad Feeling About This': Are Caremark's Walls Closing In on Directors?" American Bar Association, Class Action & Derivative Suits, December 10, 2019
- Co-author, *Directors' & Officers' Liability: Current Law, Recent Developments, Emerging Issues*, Third Edition, Practising Law Institute, 2016

Select Speaking Engagements

- Speaker, "From Tiny to Growth - Checklist for Corporate Compliance," ACC San Francisco Bay Area Chapter, 2022 Life Sciences: At Home & Across the Globe, May 13, 2022
- Speaker, "Insider Trading Update: What Boards Should Know," Inside America's Boardrooms, February 11, 2022
- Speaker, "Identifying and Managing Litigation Risks in de-SPAC Deals," TechGC Venture Fund Virtual Dinner + CLE, June 2021
- Panelist, "Boards and Social Media," Seattle Northwest Chapter NACD, Seattle, Washington, January 2017
- Speaker, "Maintaining the Corporation's Attorney-Client Privilege," CLEthics for In-House Counsel, Washington State Bar Association, Seattle, Washington, October 2016
- Panelist, "SEC Enforcement Hot Topics," 36th Annual Northwest Securities Institute, Seattle, Washington, April 2016
- Panelist, "Cautionary Tales: Litigation and Privilege," Western Regional Conference, Society of Corporate Secretaries & Governance Professionals, Seattle, Washington, October 2015
- Panelist, "The Boards' Exposure: Understanding and Managing Personal Risk," Seattle Northwest Chapter NACD, Seattle, Washington, September 2015
- Panelist, "Internal Investigations: Practice, Procedures, and Pitfalls," 35th Annual Northwest Securities Institute, Portland, Oregon, April 2015
- Speaker, "Delaware Exclusive Forum Selection Provisions Update," 35th Annual Northwest Securities Institute, Portland, Oregon, April 2015
- Panelist, "Drafting Quality Board Minutes," Society of Corporate Secretaries and Corporate Governance Professionals, Western Regional Conference, San Diego, California, September 2014
- Panelist, "Mergers & Acquisitions Litigation," 34th Annual Northwest Securities Institute, Seattle, Washington, May 2014
- "Spring Training for Investor Relations Executives: Avoiding Unforced Errors in Corporate Disclosure," National Investor Relations Institute (NIRI), Seattle Chapter, Seattle, Washington, April 2014
- "Corporate Responsibility: Myth, Distraction or Emerging Reality," Gonzaga Law School's Third Annual Business Law Symposium, Spokane, Washington, November 2013
- Panelist, "Merger & Acquisitions Litigation," Gonzaga Law School's Second Annual Business Law Symposium, Spokane, Washington, October 2012
- Panelist, "The Recession's Effect on Community Banks," Professional Liability Underwriting Society (PLUS), Northwest Chapter, Seattle, Washington, May 2011
- Panelist, "Information Technology Governance and Oversight," Audit Committee Institute Roundtable, Santa Clara, California, May 2007