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9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**

11 JAMES FELIX, Individually and on behalf of
12 all others similarly situated,

13 Plaintiff,

14 v.

15 SYMANTEC CORPORATION, GREGORY S.
16 CLARK, and NICHOLAS R. NOVIELLO,

17 Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

18 Plaintiff James Felix (“Plaintiff”), individually and on behalf of all other persons similarly
19 situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined
20 below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own
21 acts, and information and belief as to all other matters, based upon, inter alia, the investigation
22 conducted by and through Plaintiff’s attorneys, which included, among other things, a review of
23 the defendants’ public documents, conference calls and announcements made by defendants,
24 United States Securities and Exchange Commission (“SEC”) filings, wire and press releases
25 published by and regarding Symantec Corporation (“Symantec” or the “Company”), analysts’
26 reports and advisories about the Company, and information readily obtainable on the Internet.
27 Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein
28 after a reasonable opportunity for discovery.

1 **NATURE OF THE ACTION**

2 1. This is a federal securities class action on behalf of a class consisting of all persons
3 and entities other than Defendants who purchased or otherwise acquired the publicly traded
4 securities of Symantec between May 20, 2017 and May 10, 2018, both dates inclusive (the “Class
5 Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the
6 federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities
7 Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.
8

9 **JURISDICTION AND VENUE**

10 2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the
11 Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC
12 (17 C.F.R. §240.10b-5).

13 3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C.
14 §1331 and §27 of the Exchange Act.

15 4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act (15
16 U.S.C. §78aa) and 28 U.S.C. §1391(b) as Defendants conduct business and the Company’s
17 headquarters is located in this Judicial District.

18 5. In connection with the acts, conduct and other wrongs alleged in this Complaint,
19 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
20 including but not limited to, the United States mail, interstate telephone communications and the
21 facilities of the national securities exchange.
22

23 **PARTIES**

24 6. Plaintiff, as set forth in the accompanying Certification, purchased Symantec
25 securities at artificially inflated prices during the Class Period and was damaged upon the revelation
26 of the alleged corrective disclosure.

27 7. Defendant Symantec provides cybersecurity solutions worldwide. The Company is
28 incorporated in Delaware and its principal executive offices are located at 350 Ellis Street,

1 Mountain View, California 94043. Symantec’s securities are traded on the Nasdaq Global Select
2 Market (“NASDAQ”) under the ticker symbol “SYMC.”

3 8. Defendant Gregory S. Clark (“Clark”) has been the Chief Executive Officer (“CEO”)
4 and a director of Symantec since August 1, 2016.

5 9. Defendant Nicholas R. Noviello (“Noviello”) has been the Chief Financial Officer
6 (“CFO”) of Symantec since December 1, 2016, and the Company’s Principal Accounting Officer
7 (“PAO”) since August 7, 2017.

8 10. Defendants Clark and Noviello are sometimes referred to herein as the “Individual
9 Defendants.”

10 11. Each of the Individual Defendants:

11 (a) directly participated in the management of the Company;

12 (b) was directly involved in the day-to-day operations of the Company at the highest
13 levels;

14 (c) was privy to confidential proprietary information concerning the Company and its
15 business and operations;

16 (d) was directly or indirectly involved in drafting, producing, reviewing and/or
17 disseminating the false and misleading statements and information alleged herein;

18 (e) was directly or indirectly involved in the oversight or implementation of the
19 Company’s internal controls;

20 (f) was aware of or recklessly disregarded the fact that the false and misleading
21 statements were being issued concerning the Company; and/or

22 (g) approved or ratified these statements in violation of the federal securities laws.

23 12. The Company is liable for the acts of the Individual Defendants and its employees
24 under the doctrine of *respondeat superior* and common law principles of agency because all of the
25 wrongful acts complained of herein were carried out within the scope of their employment.

26 13. The scienter of the Individual Defendants and other employees and agents of the
27 Company is similarly imputed to the Company under *respondeat superior* and agency principles.
28

1 14. The Company and the Individual Defendants are referred to herein, collectively, as
2 the “Defendants.”

3 **SUBSTANTIVE ALLEGATIONS**

4 **Materially False and Misleading Statements**

5 15. On May 19, 2017, after the market closed, Symantec filed its annual report on Form
6 10-K for the fiscal year ended March 31, 2017 (“2017 10-K”) with the SEC which provided the
7 Company’s annual financial results and position. The 2017 10-K was signed by Defendants Clark
8 and Noviello. The 2017 10-K contained signed certifications pursuant to the Sarbanes-Oxley Act of
9 2002 (“SOX”) by Defendants Clark and Noviello attesting to the accuracy of financial reporting,
10 the disclosure of any material changes to the Company’s internal control over financial reporting
11 and the disclosure of all fraud.

12 16. The 2017 10-K stated that the Company’s internal control over financial reporting
13 was effective as of March 31, 2017.

14 17. On August 16, 2017, the Company filed a Schedule 14A with the SEC (the “2017
15 Proxy Statement”), which set forth the Company’s Executive Compensation practices and
16 philosophy. The 2017 Proxy Statement stated that the Company’s Executive Compensation
17 programs provide “direct alignment with stockholders” and that the Company uses “responsible
18 pay policies to reinforce strong governance and enhance stockholder alignment.” The 2017 Proxy
19 Statement discussion of executive compensation states, in relevant part:
20

21 **OUR EXECUTIVE COMPENSATION PHILOSOPHY AND PRACTICES**

22 The overriding principle driving our compensation programs continues to be
23 our belief that it benefits our employees, customers, partners and stockholders to
24 have management’s compensation tied to our near- and long-term performance.
25 Our pay programs reward achievement of challenging performance goals that
26 align with our business strategy. We measure shorter-term results, though the
27 majority emphasis is placed on long-term equity compensation that provides
28 direct alignment with stockholders. We use responsible pay policies to reinforce
strong governance and enhance stockholder alignment.

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Base Salary	Annual Incentives	Long-Term Incentives
<ul style="list-style-type: none"> Aligned with role, contributions, and competitive market practice Supports attraction and retention of talent 	<ul style="list-style-type: none"> 50% Revenue (non-GAAP) Encourages overall company growth, a key shareholder value driver 	<ul style="list-style-type: none"> 70% Performance Units (PRUs)* Special 1-time design that reinforces the multi-year business transformation and aligns to stockholder value generation* Measures Operating Income (non-GAAP) at the end of fiscal 2018 to assess achievement of growth and cost reduction goals
Pay Policies	<ul style="list-style-type: none"> 50% Operating Income (non-GAAP) Provides a strong focus on cost control, aligns with shareholder value growth 	<ul style="list-style-type: none"> 30% time-vested restricted stock units (RSUs) Promotes retention and shareholder alignment

18. The statements referenced in ¶¶15-17 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company’s business, operational and financial results, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Symantec’s internal controls over financial reporting were materially weak and deficient; (2) Symantec’s later disclosed “reporting of certain Non-GAAP measures including those that could impact executive compensation programs” would lead to heightened regulatory scrutiny by the SEC; and (3) as a result, Symantec’s public statements were materially false and misleading at all relevant times.

The Truth Emerges

19. On May 10, 2018, after market-close, the Company reported it would likely have to delay the filing of its annual report for the fiscal year ended March 30, 2018 because its Audit Committee “commenced an internal investigation in connection with concerns raised by a former employee.” The Company’s statement provides, in relevant part:

Audit Committee Investigation

The Audit Committee of the Board of Directors has commenced an internal investigation in connection with concerns raised by a former employee. The Audit Committee has retained independent counsel and other advisors to assist it in its investigation. The Company has voluntarily contacted the Securities and

1 Exchange Commission to advise it that an internal investigation is underway, and
2 the Audit Committee intends to provide additional information to the SEC as the
3 investigation proceeds. The investigation is in its early stages and the Company
4 cannot predict the duration or outcome of the investigation. The Company's
5 financial results and guidance may be subject to change based on the outcome of
6 the Audit Committee investigation. It is unlikely that the investigation will be
7 completed in time for the Company to file its annual report on Form 10-K for the
8 fiscal year ended March 30, 2018 in a timely manner.

9 20. On this news, shares of Symantec fell \$9.66 per share or over 33%, from its previous
10 closing price to close at \$19.52 per share on May 11, 2018, damaging investors.

11 **Other Relevant News**

12 21. On May 14, 2018, after market-close, the Company provided an updated statement
13 regarding the internal investigation, disclosing that the "internal investigation [is] in connection
14 with concerns raised by a former employee regarding the Company's public disclosures including
15 commentary on historical financial results, its reporting of certain Non-GAAP measures including
16 those that could impact executive compensation programs, certain forward-looking statements,
17 stock trading plans and retaliation." The Company's statement provides, in relevant part:

18 **Symantec Provides Additional Information**

19 *Company to Discuss Fiscal Year 2019 Financial Guidance and Fiscal Year 2020*
20 *Financial Outlook*
21 *on Conference Call Today*

22 MOUNTAIN VIEW, Calif. – May 14, 2018 – Symantec Corp. (NASDAQ:
23 SYMC) today released an updated statement regarding the ongoing internal
24 investigation by the Audit Committee previously announced on May 10, 2018.
25 The Company also will provide information on its fiscal year 2019 financial
26 guidance and fiscal year 2020 financial outlook on a conference call with the
27 financial community to be held today.

28 Statement:

*The Audit Committee of the Board of Directors has commenced an internal
investigation in connection with concerns raised by a former employee
regarding the Company's public disclosures including commentary on
historical financial results, its reporting of certain Non-GAAP measures
including those that could impact executive compensation programs, certain
forward-looking statements, stock trading plans and retaliation. The Audit
Committee has retained independent counsel and other advisors to assist it in its*

1 investigation. The Company has voluntarily contacted the Securities and
2 Exchange Commission to advise it that an internal investigation is underway, and
3 the Audit Committee intends to provide additional information to the SEC as the
4 investigation proceeds. The investigation is in its early stages and the Company's
5 financial results and guidance may be subject to change based on the outcome of
6 the Audit Committee investigation. It is unlikely that the investigation will be
7 completed in time for the Company to file its annual report on Form 10-K for the
8 fiscal year ended March 30, 2018 in a timely manner. At this time, the Company
9 does not anticipate a material adverse impact on its historical financial statements.

10 (Emphasis added.)

11 22. As a result of Defendants' wrongful acts and omissions, and the precipitous decline
12 in the market value of the Company's securities, Plaintiff and other Class members have suffered
13 significant losses and damages.

14 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

15 23. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
16 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise
17 acquired the publicly traded securities of Symantec during the Class Period (the "Class"); and were
18 damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are
19 Defendants herein, the officers and directors of the Company, at all relevant times, members of their
20 immediate families and their legal representatives, heirs, successors or assigns and any entity in
21 which Defendants have or had a controlling interest.

22 24. The members of the Class are so numerous that joinder of all members is
23 impracticable. Throughout the Class Period, Symantec securities were actively traded on the
24 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can
25 be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or
26 thousands of members in the proposed Class. Record owners and other members of the Class may
27 be identified from records maintained by the Company or its transfer agent and may be notified of
28 the pendency of this action by mail, using the form of notice similar to that customarily used in
securities class actions.

1 25. Plaintiff's claims are typical of the claims of the members of the Class as all
2 members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal
3 law that is complained of herein.

4 26. Plaintiff will fairly and adequately protect the interests of the members of the Class
5 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has
6 no interests antagonistic to or in conflict with those of the Class.

7 27. Common questions of law and fact exist as to all members of the Class and
8 predominate over any questions solely affecting individual members of the Class. Among the
9 questions of law and fact common to the Class are:

- 10 • whether the federal securities laws were violated by Defendants' acts as alleged
11 herein;
- 12 • whether statements made by Defendants to the investing public during the Class
13 Period misrepresented material facts about the financial condition, business,
14 operations, and management of the Company;
- 15 • whether Defendants' public statements to the investing public during the Class
16 Period omitted material facts necessary to make the statements made, in light of the
17 circumstances under which they were made, not misleading;
- 18 • whether the Individual Defendants caused the Company to issue false and misleading
19 SEC filings and public statements during the Class Period;
- 20 • whether Defendants acted knowingly or recklessly in issuing false and misleading
21 SEC filings and public statements during the Class Period;
- 22 • whether the prices of Symantec securities during the Class Period were artificially
23 inflated because of the Defendants' conduct complained of herein; and
- 24 • whether the members of the Class have sustained damages and, if so, what is the
25 proper measure of damages.

26 28. A class action is superior to all other available methods for the fair and efficient
27 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
28 damages suffered by individual Class members may be relatively small, the expense and burden of

1 individual litigation make it impossible for members of the Class to individually redress the wrongs
2 done to them. There will be no difficulty in the management of this action as a class action.

3 29. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-
4 on-the-market doctrine in that:

- 5 • Defendants made public misrepresentations or failed to disclose material facts during
6 the Class Period;
- 7 • the omissions and misrepresentations were material;
- 8 • Symantec securities are traded in efficient markets;
- 9 • the Company's securities were liquid and traded with moderate to heavy volume
10 during the Class Period;
- 11 • the Company traded on the NASDAQ, and was covered by multiple analysts;
- 12 • the misrepresentations and omissions alleged would tend to induce a reasonable
13 investor to misjudge the value of the Company's securities; and
- 14 • Plaintiff and members of the Class purchased and/or sold Symantec securities
15 between the time the Defendants failed to disclose or misrepresented material facts
16 and the time the true facts were disclosed, without knowledge of the omitted or
17 misrepresented facts.

18 30. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a
19 presumption of reliance upon the integrity of the market.

20 31. Alternatively, Plaintiff and the members of the Class are entitled to the presumption
21 of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United*
22 *States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their
23 Class Period statements in violation of a duty to disclose such information, as detailed above.

24 **COUNT I**

25 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**
26 **Against All Defendants**

27 32. Plaintiff repeats and realleges each and every allegation contained above as if fully
28 set forth herein.

1 33. This Count is asserted against the Company and the Individual Defendants and is
2 based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated
3 thereunder by the SEC.

4 34. During the Class Period, the Company and the Individual Defendants, individually
5 and in concert, directly or indirectly, disseminated or approved the false statements specified above,
6 which they knew or deliberately disregarded were misleading in that they contained
7 misrepresentations and failed to disclose material facts necessary in order to make the statements
8 made, in light of the circumstances under which they were made, not misleading.

9 35. The Company and the Individual Defendants violated §10(b) of the 1934 Act and
10 Rule 10b-5 in that they:

- 11 • employed devices, schemes and artifices to defraud;
- 12 • made untrue statements of material facts or omitted to state material facts necessary
13 in order to make the statements made, in light of the circumstances under which they
14 were made, not misleading; or
- 15 • engaged in acts, practices and a course of business that operated as a fraud or deceit
16 upon plaintiff and others similarly situated in connection with their purchases of
17 Symantec securities during the Class Period.

18 36. The Company and the Individual Defendants acted with scienter in that they knew
19 that the public documents and statements issued or disseminated in the name of the Company were
20 materially false and misleading; knew that such statements or documents would be issued or
21 disseminated to the investing public; and knowingly and substantially participated, or acquiesced in
22 the issuance or dissemination of such statements or documents as primary violations of the
23 securities laws. These defendants by virtue of their receipt of information reflecting the true facts of
24 the Company, their control over, and/or receipt and/or modification of the Company's allegedly
25 materially misleading statements, and/or their associations with the Company which made them
26 privy to confidential proprietary information concerning the Company, participated in the
27 fraudulent scheme alleged herein.

28

1 A. Determining that the instant action may be maintained as a class action under Rule
2 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

3 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason
4 of the acts and transactions alleged herein;

5 C. Awarding Plaintiff and the other members of the Class prejudgment and post-
6 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

7 D. Awarding such other and further relief as this Court may deem just and proper.

8 **DEMAND FOR TRIAL BY JURY**

9 Plaintiff hereby demands a trial by jury.

10
11 Dated: May 17, 2018

Respectfully submitted,

12 **THE ROSEN LAW FIRM, P.A.**

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