UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA

all others similarly situated,

Plaintiff,

v.

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

Defendants.

Case No:

CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

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

NATURE OF THE ACTION

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

JURISDICTION AND VENUE

- 2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).
- 3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §1331 and §27 of the Exchange Act.
- 4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as Defendants conduct business and the Company's headquarters is located in this Judicial District.
- 5. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

- 6. Plaintiff, as set forth in the accompanying Certification, purchased Symantec securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosure.
- 7. Defendant Symantec provides cybersecurity solutions worldwide. The Company is incorporated in Delaware and its principal executive offices are located at 350 Ellis Street,

Mountain View, California 94043. Symantec's securities are traded on the Nasdaq Global Select Market ("NASDAQ") under the ticker symbol "SYMC."

- 8. Defendant Gregory S. Clark ("Clark") has been the Chief Executive Officer ("CEO") and a director of Symantec since August 1, 2016.
- 9. Defendant Nicholas R. Noviello ("Noviello") has been the Chief Financial Officer ("CFO") of Symantec since December 1, 2016, and the Company's Principal Accounting Officer ("PAO") since August 7, 2017.
- 10. Defendants Clark and Noviello are sometimes referred to herein as the "Individual Defendants."
 - 11. Each of the Individual Defendants:
 - (a) directly participated in the management of the Company;
 - (b) was directly involved in the day-to-day operations of the Company at the highest levels;
 - (c) was privy to confidential proprietary information concerning the Company and its business and operations;
 - (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
 - (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
 - (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
 - (g) approved or ratified these statements in violation of the federal securities laws.
- 12. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.
- 13. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondent superior* and agency principles.

14. The Company and the Individual Defendants are referred to herein, collectively, as the "Defendants."

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements

- 15. On May 19, 2017, after the market closed, Symantec filed its annual report on Form 10-K for the fiscal year ended March 31, 2017 ("2017 10-K") with the SEC which provided the Company's annual financial results and position. The 2017 10-K was signed by Defendants Clark and Noviello. The 2017 10-K contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by Defendants Clark and Noviello attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.
- 16. The 2017 10-K stated that the Company's internal control over financial reporting was effective as of March 31, 2017.
- 17. On August 16, 2017, the Company filed a Schedule 14A with the SEC (the "2017 Proxy Statement"), which set forth the Company's Executive Compensation practices and philosophy. The 2017 Proxy Statement stated that the Company's Executive Compensation programs provide "direct alignment with stockholders" and that the Company uses "responsible pay policies to reinforce strong governance and enhance stockholder alignment." The 2017 Proxy Statement discussion of executive compensation states, in relevant part:

OUR EXECUTIVE COMPENSATION PHILOSOPHY AND PRACTICES

The overriding principle driving our compensation programs continues to be our belief that it benefits our employees, customers, partners and stockholders to have management's compensation tied to our near- and long-term performance. Our pay programs reward achievement of challenging performance goals that align with our business strategy. We measure shorter-term results, though the majority emphasis is placed on long-term equity compensation that provides 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

- Aligned with role. contributions, and competitive market practice
- Supports attraction and

retention of talent

Pay Policies

Ownership guidelines

No hedging/pledging

Double-trigger equity

Clawback policy

- 50% Revenue (non-GAAP)
- Encourages overall company growth, a key shareholder value driver
- 50% Operating Income (non-GAAP)
- Provides a strong focus on cost control, aligns with shareholder value growth

- 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
- 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

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

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

Other Relevant News

21. On May 14, 2018, after market-close, the Company provided an updated statement regarding the internal investigation, disclosing that the "internal investigation [is] 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 Company's statement provides, in relevant part:

Symantec Provides Additional Information

Company to Discuss Fiscal Year 2019 Financial Guidance and Fiscal Year 2020 Financial Outlook on Conference Call Today

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

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

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

(Emphasis added.)

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

PLAINTIFF'S CLASS ACTION ALLEGATIONS

- 23. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the publicly traded securities of Symantec during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.
- 24. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Symantec securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by the Company or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

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- 25. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.
- 26. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.
- 27. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:
 - whether the federal securities laws were violated by Defendants' acts as alleged herein;
 - whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the financial condition, business, operations, and management of the Company;
 - whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
 - whether the Individual Defendants caused the Company to issue false and misleading SEC filings and public statements during the Class Period;
 - whether Defendants acted knowingly or recklessly in issuing false and misleading SEC filings and public statements during the Class Period;
 - whether the prices of Symantec securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
 - whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.
- 28. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of

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

- 29. Plaintiff will rely, in part, upon the presumption of reliance established by the fraudon-the-market doctrine in that:
 - Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
 - the omissions and misrepresentations were material;
 - Symantec securities are traded in efficient markets;
 - the Company's securities were liquid and traded with moderate to heavy volume during the Class Period;
 - the Company traded on the NASDAQ, and was covered by multiple analysts;
 - the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
 - Plaintiff and members of the Class purchased and/or sold Symantec securities
 between the time the Defendants failed to disclose or misrepresented material facts
 and the time the true facts were disclosed, without knowledge of the omitted or
 misrepresented facts.
- 30. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.
- 31. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

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

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

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- 33. This Count is asserted against the Company and the Individual Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.
- 34. During the Class Period, the Company and the Individual Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
- 35. The Company and the Individual Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:
 - employed devices, schemes and artifices to defraud;
 - made untrue statements of material facts or omitted to state material facts necessary
 in order to make the statements made, in light of the circumstances under which they
 were made, not misleading; or
 - engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Symantec securities during the Class Period.
- 36. The Company and the Individual Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

- 37. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other personnel of the Company to members of the investing public, including Plaintiff and the Class.
- 38. As a result of the foregoing, the market price of Symantec securities was artificially inflated during the Class Period. In ignorance of the falsity of the Company's and the Individual Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Symantec securities during the Class Period in purchasing Symantec securities at prices that were artificially inflated as a result of the Company's and the Individual Defendants' false and misleading statements.
- 39. Had Plaintiff and the other members of the Class been aware that the market price of Symantec securities had been artificially and falsely inflated by the Company's and the Individual Defendants' misleading statements and by the material adverse information which the Company's and the Individual Defendants did not disclose, they would not have purchased Symantec securities at the artificially inflated prices that they did, or at all.
- 40. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.
- 41. By reason of the foregoing, the Company and the Individual Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the Plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchases of Symantec securities during the Class Period.

COUNT II

Violation of Section 20(a) of The Exchange Act Against The Individual Defendants

42. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

- 43. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information regarding the Company's business practices.
- 44. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.
- 45. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Symantec securities.
- 46. Each of the Individual Defendants, therefore, acted as a controlling person of the Company. By reason of their senior management positions and/or being directors of the Company, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, the Company to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of the Company and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.
- 47. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

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.
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11	Dated: May 17, 2018
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