

2. On February 20, 2020, the Board caused the Company to enter into an agreement and plan of merger (“Merger Agreement”), pursuant to which the Company’s shareholders stand to receive \$12.55 in cash for each share of Adesto stock they own (the “Merger Consideration”).

3. On March 16, 2020, in order to convince Adesto shareholders to vote in favor of the Proposed Transaction, the Board authorized the filing of a materially incomplete and misleading Form PREM14A Preliminary Proxy Statement (the “Preliminary Proxy”) with the Securities and Exchange Commission (“SEC”), in violation of Sections 14(a) and 20(a) of the Exchange Act. The materially incomplete and misleading preliminary proxy violates both Regulation G (17 C.F.R. § 244.100) and SEC Rule 14a-9 (17 C.F.R. § 240.14a-9), each of which constitutes a violation of Sections 14(a) and 20(a) of the Exchange Act. On March 27, 2020, the Board authorized the filing of a Form DEFM14A Definitive Proxy (the “Proxy”) that did not correct the materially misleading nature of the Preliminary Proxy. The Board has scheduled a special meeting of the Company’s shareholders on May 5, 2020 to vote on the Proposed Transaction.

4. While touting the fairness of the Merger Consideration to the Company’s shareholders in the Proxy, Defendants have failed to disclose certain material information that is necessary for shareholders to properly assess the fairness of the Proposed Transaction, thereby violating SEC rules and regulations and rendering certain statements in the Proxy materially incomplete and misleading.

5. In particular, the Proxy contains materially incomplete and misleading information concerning: (i) the financial projections for the Company that were prepared by the Company and relied on by Defendants in recommending that Adesto shareholders vote in favor of the Proposed Transaction; and (ii) the summary of certain valuation analyses conducted by Adesto’s financial

advisor, Cowen and Company, LLC. (“Cowen”) in support of its opinion that the Merger Consideration is fair to shareholders, on which the Board relied.

6. It is imperative that the material information that has been omitted from the Proxy is disclosed prior to the forthcoming vote to allow the Company’s shareholders to make an informed decision regarding the Proposed Transaction.

7. For these reasons, and as set forth in detail herein, Plaintiff asserts claims against Defendants for violations of Sections 14(a) and 20(a) of the Exchange Act, based on Defendants’ violation of: (i) Regulation G (17 C.F.R. § 244.100); and (ii) Rule 14a-9 (17 C.F.R. § 240.14a-9). Plaintiff seeks to enjoin Defendants from holding the shareholder vote on the Proposed Transaction and taking any steps to consummate the Proposed Transaction unless, and until, the material information discussed below is disclosed to Adesto shareholders sufficiently in advance of the vote on the Proposed Transaction or, in the event the Proposed Transaction is consummated, to recover damages resulting from Defendants’ violations of the Exchange Act.

JURISDICTION AND VENUE

8. This Court has subject matter jurisdiction pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331 (federal question jurisdiction) as Plaintiff alleges violations of Sections 14(a) and 20(a) of the Exchange Act.

9. Personal jurisdiction exists over each Defendant either because the Defendant conducts business in or maintains operations in this District, or is an individual who is either present in this District for jurisdictional purposes or has sufficient minimum contacts with this District as to render the exercise of jurisdiction over Defendant by this Court permissible under traditional notions of fair play and substantial justice.

10. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, as well as under 28 U.S.C. § 1391, because a substantial portion of the alleged wrongs took place in this District and the Company's common stock trades on the NASDAQ, which is headquartered in this District.

PARTIES

11. Plaintiff is, and at all relevant times has been, a holder of Adesto common stock.

12. Defendant Adesto is incorporated in Delaware and maintains its principal executive offices at 3600 Peterson Way, Santa Clara, California 95054. The Company's common stock trades on the NASDAQ under the ticker symbol "IOTS."

13. Individual Defendant Nelson Chan is Adesto's Chairman and has been a director of Adesto at all relevant times.

14. Individual Defendant Narbeh Derhacobian is Adesto's co-founder, President and Chief Executive Officer and has been a director of Adesto at all relevant times.

15. Individual Defendant Hervé Fages has been a director of Adesto since August 2019.

16. Individual Defendant Francis Lee has been a director of Adesto since July 2015.

17. Individual Defendant Kevin Palatnik has been a director of Adesto since September 2015.

18. Individual Defendant Susan Uthayakumar has been a director of Adesto since August 2019.

19. The Individual Defendants referred to in paragraphs 13-18 are collectively referred to herein as the "Individual Defendants" and/or the "Board."

CLASS ACTION ALLEGATIONS

20. Plaintiff brings this class action pursuant to Fed. R. Civ. P. 23 on behalf of himself and the other public shareholders of Adesto (the “Class”). Excluded from the Class are Defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any Defendant.

21. This action is properly maintainable as a class action because:

a. The Class is so numerous that joinder of all members is impracticable. As of February 28, 2020, there were approximately 31,000,000 shares of Adesto common stock outstanding, held by hundreds of individuals and entities scattered throughout the country. The actual number of public shareholders of Adesto will be ascertained through discovery;

b. There are questions of law and fact that are common to the Class that predominate over any questions affecting only individual members, including the following:

- i) whether Defendants disclosed material information that includes non-GAAP financial measures without providing a reconciliation of the same non-GAAP financial measures to their most directly comparable GAAP equivalent in violation of Section 14(a) of the Exchange Act;
- ii) whether Defendants have misrepresented or omitted material information concerning the Proposed Transaction in the Proxy in violation of Section 14(a) of the Exchange Act;

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