

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN RYAN,

Plaintiff,

v.

NATUS MEDICAL INCORPORATED,
THOMAS J. SULLIVAN, JOSHUA H.
LEVINE, ILAN DASKAL, ERIC J. GUERIN,
LISA WIPPERMAN HEINE, BRYANT M.
MOORE, and ALICE D. SCHROEDER,

Defendants.

Civil Action No. _____

**COMPLAINT FOR VIOLATIONS
OF THE SECURITIES EXCHANGE
ACT OF 1934**

JURY TRIAL DEMAND

Plaintiff John Ryan (“Plaintiff”) alleges the following upon information and belief, including investigation of counsel and review of publicly available information, except as to those allegations pertaining to Plaintiff, which are alleged upon personal knowledge:

NATURE OF THE ACTION

1. Plaintiff brings this action against Natus Medical Incorporated (“Natus” or the “Company”) and Natus’ Board of Directors (the “Board” or the “Individual Defendants”) for their violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78n(a), 78t(a), and SEC Rule 14a-9, 17 C.F.R. § 240.14a-9, arising out of the Board’s attempt to sell the Company to ArchiMed SAS through its affiliates, Prince Parent Inc. and Prince Mergerco Inc. (collectively “ArchiMed”).

2. Defendants have violated the above-referenced Sections of the Exchange Act by causing a materially incomplete and misleading definitive proxy statement (the “Proxy”) to be filed with the Securities and Exchange Commission (“SEC”) on June 2, 2022. The Proxy recommends that Natus stockholders vote in favor of a proposed transaction (the “Proposed Transaction”) whereby Natus is acquired by ArchiMed. The Proposed Transaction was first

disclosed on April 18, 2022, when Natus announced that they had entered into a definitive merger agreement (the “Merger Agreement”) pursuant to which ArchiMed will acquire all of the outstanding shares of common stock of Natus for \$33.50 per share (the “Merger Consideration”). The deal is valued at approximately \$ 1.2 billion and is expected to close in the third quarter of 2022.

3. The Proxy is materially incomplete and contains misleading representations and information in violation of Sections 14(a) and 20(a) of the Exchange Act. Specifically, the Proxy contains materially incomplete and misleading information concerning the financial projections prepared by Natus management, the financial analyses conducted by Stifel, Nicolaus & Company, Incorporated (“Stifel”), Natus’ financial advisor, as well as potential conflicts of interest faced by Company insiders.

4. For these reasons, and as set forth in detail herein, Plaintiff seeks to enjoin Defendants from taking any steps to consummate the Proposed Transaction, including filing an amendment to the Proxy with the SEC or otherwise causing an amendment to the Proxy to be disseminated to Natus’ stockholders, unless and until the material information discussed below is included in any such amendment or otherwise disseminated to Natus’ stockholders. In the event the Proposed Transaction is consummated without the material omissions referenced below being remedied, Plaintiff seeks to recover damages resulting from the Defendants’ violations.

PARTIES

5. Plaintiff is, and has been at all relevant times, the owner of shares of common stock of Natus.

6. Defendant Natus is a corporation organized and existing under the laws of the State of Delaware. The Company’s principal executive offices are located at 3150 Pleasant View Road,

Middleton, Wisconsin 53562. Natus common stock trades on the Nasdaq Global Select Market under the ticker symbol “NTUS.”

7. Defendant Thomas J. Sullivan has been a director of the Company since 2019. Defendant Sullivan has served as President and CEO of the Company since December 2021.

8. Defendant Joshua H. Levine has been a director of the Company since 2018. Defendant Levine serves as Chairperson of the Board.

9. Defendant Ilan Daskal has been a director of the Company since 2020.

10. Defendant Eric J. Guerin has been a director of the Company since 2021.

11. Defendant Lisa Wipperman Heine has been a director of the Company since 2018.

12. Defendant Bryant M. Moore has been a director of the Company since 2021.

13. Defendant Alice D. Schroeder has been a director of the Company since 2019.

14. Nonparty ArchiMed is an investment management firm headquartered in Lyon, France.

15. Nonparties Prince Parent Inc. and Prince Mergerco Inc. are legal entities formed by funds managed by ArchiMed to facilitate its acquisition of Natus.

JURISDICTION AND VENUE

16. 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 Section 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9.

17. 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.

18. 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 significant amount of the conduct at issue took place and had an effect in this District.

FURTHER SUBSTANTIVE ALLEGATIONS

A. Background of the Company and the Proposed Transaction

19. Natus is a provider of solutions to screen, diagnose, and treat disorders affecting the brain, neural pathways, and eight sensory nervous systems. The Company offers hardware, advanced software and algorithms, and consumables that provide stimulus, acquire and monitor physiological signals, and capture the body's response. It has sales in over 100 countries, and offers neurodiagnostics, pediatric retinal imaging, and infant hearing screening, as well as a hearing assessment, hearing instrument fitting, balance, and intracranial pressure monitoring.

20. On April 17, 2022, the Company entered into the Merger Agreement with ArchiMed.

21. According to the press release issued on April 18, 2022, announcing the Proposed Transaction:

**Natus Medical Incorporated to be acquired by ArchiMed Group for \$33.50
per share in cash**

Highlights:

- Transaction values Natus Medical, Incorporated at approximately \$1.2 billion total equity value
- Pre-announces preliminary financial results for the first quarter ended March 31, 2022

MIDDLETON, Wis., April 18, 2022 (GLOBE NEWSWIRE) -- Natus Medical Incorporated (NASDAQ: NTUS), (the "Company" or "Natus"), a leading provider of medical device solutions to screen, diagnose, and treat disorders affecting the brain, neural pathways, and eight sensory nervous systems, announced

today that it has entered into a definitive agreement to be acquired by an affiliate of ArchiMed (“ArchiMed”), a leading investment firm focused exclusively on the healthcare industry for approximately \$1.2 billion. Under the terms of the agreement, Natus shareholders will receive \$33.50 in cash for each share of Natus common stock, representing a 29% premium to the closing price of the Company’s common stock on April 14, 2022.

“The sale of Natus to ArchiMed will provide our shareholders with immediate and substantial cash value, as well as a compelling premium, and the Board has unanimously agreed that this transaction is in the best interests of our shareholders,” said Joshua H. Levine, Chairman of Natus.

“Our nearly 1,400 Natus Teammates remain committed to advance the standard of care and improve outcomes and quality of life for patients affected by disorders of the brain, neural pathways, and eight sensory nervous systems,” said Thomas J. Sullivan, President & Chief Executive Officer of Natus Medical, Incorporated. “ArchiMed’s mix of operational, medical, scientific and financial expertise will help us continue our mission to serve our customers while delivering immediate value to shareholders.”

Under the terms of the agreement, Natus shareholders will receive \$33.50 in cash for each share of Natus common stock they own. The transaction has fully committed equity financing from funds affiliated with ArchiMed and fully committed debt financing, and there are no financing conditions associated with the transaction.

Natus’s Board of Directors has unanimously approved the merger agreement with ArchiMed and recommends that Natus’s shareholders adopt the merger agreement. In connection with the transaction, the Company will prepare a proxy statement to be filed with the U.S. Securities and Exchange Commission (“SEC”). Following any review by the SEC, a definitive proxy statement will be mailed to shareholders of Natus. Natus expects to hold a Special Meeting of Shareholders to consider and vote on the proposed merger and the merger agreement as soon as practicable after the mailing of the proxy statement. The transaction is expected to close in the third quarter of 2022, subject to customary closing conditions, including approval by Natus shareholders and receipt of regulatory approvals. Upon completion of the transaction, Natus will become a private company and Natus shares will no longer be listed on any public market.

Under the terms of the merger agreement, Natus may solicit proposals from third parties for a period of 30 days continuing through May 17, 2022, and in certain cases for a period of 35 days continuing through May 22, 2022. In addition, Natus may, at any time prior to receipt of shareholder approval, subject to the provisions of the merger agreement, respond to unsolicited proposals that constitute or would reasonably be expected to lead to a superior proposal. Natus will have the right to terminate the merger agreement with ArchiMed to enter into a superior proposal

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