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Micron CEO Accused Of Insider Trading In Fla. Investor Suit

By **David Minsky**

Law360 (January 23, 2025, 6:35 PM EST) -- A Micron Technology Inc. shareholder has accused the company CEO and several board members of insider trading after selling \$70 million worth of stock just before the release of disappointing financial results regarding demand for its semiconductors.

Investor Nathan C. Silva brought a **shareholder derivative lawsuit** against the company, CEO Sanjay Mehrotra and several board members in Florida federal court, saying Wednesday they misappropriated "material non-public information" to keep shares overinflated so Mehrotra could sell nearly 700,000 shares under "highly suspicious circumstances" before prices dipped following the release of a December earnings report.

"Mehrotra – who did not make any sale of company stock prior to the beginning of the relevant period – structured and timed these sales motivated by knowledge of MNPI and the issues facing Micron," Silva said. "Mehrotra understood time was running out for Micron, prompting him to seize on the opportunity to take advantage of Micron's inflated stock price while knowing that once the truth was revealed, the company's stock value would fall significantly."

In addition to Mehrotra, Silva's complaint lists several members of Micron's board of directors: Richard M. Beyer, Lynn A. Dugle, Steve Gomo, Linnie Haynesworth, Mary Pat McCarthy, Bob Swan, MaryAnn Wright, and vice president and Chief Financial Officer Mark Murphy.

The nine-count complaint includes allegations of violating the Securities Exchange Act, breaching fiduciary duties and unjust enrichment.

Silva stated Micron noted in regulatory filings that the semiconductor industry declined at the end of 2022 and throughout 2023 due to weak market demand "combined with global and macroeconomic challenges."

The defendants, however, repeatedly told investors that demand for Micron's products was recovering due to applications in artificial intelligence and that the company was "on track for record revenues" in fiscal year 2025, according to the complaint.

Starting in September 2023, Silva said Micron issued a series of press releases and reports stating demand was improving and revenue was increasing, adding a proxy statement was filed in November 2023 with the U.S. Securities and Exchange Commission soliciting investor votes to reelect and approve compensation tied to company performance for several board members.

The proxy statement included an insider trading prohibition for Micron's officers and directors, and noted the board had primary oversight of risk management, according to the complaint. But Silva alleged that was misleading because the board wasn't adequately exercising this function and that the proxy statement failed to mention the company was "beset with compliance problems that posed significant risks of harm."

In September 2024, Micron issued a press release quoting Mehrotra as saying the company is in the "best competitive positioning" entering the next fiscal year and filed a form 10-K the following month stating optimistic conditions, but Silva alleged both were false and misleading because, among other reasons, they overstated demand and failed to disclose sufficient internal controls.

Additionally, Silva alleged Micron was further harmed after it spent more than \$300 million on share buybacks in 2024, when the common stock was artificially inflated due to the false and misleading statements.

"As a direct and proximate result of the individual defendants' misconduct and breach of fiduciary duties, the company has also suffered and will continue to suffer a loss of reputation and goodwill, and a liar's discount regarding Micron's stock in the future," Silva said.

A Micron representative told Law360 in a statement the company "does not comment on ongoing legal matters."

Counsel for Silva did not immediately respond to requests for comment Thursday.

Silva is represented by William J. Cook of Cook Law PA, Seth D. Rigrodsky, Timothy J. MacFall and Vincent A. Licata of Rigrodsky Law PA, and Joshua H. Grabar of Grabar Law Office.

Counsel information for the defendants was not available Thursday.

The case is Silva v. Micron Technology Inc. et al., case number 9:25-cv-80098, in the U.S. District Court for the Southern District of Florida.

--Editing by Lakshna Mehta.

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