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17 UNITED STATES DISTRICT COURT
18 NORTHERN DISTRICT OF CALIFORNIA

19 THE ARBITRAGE FUND, WATER ISLAND
LEVARB FUND, LP, WATER ISLAND
20 DIVERSIFIED EVENT-DRIVEN FUND,
WATER ISLAND MERGER ARBITRAGE
21 INSTITUTIONAL COMINGLED MASTER
FUND LP, AND ALTSHARES MERGER
22 ARBITRAGE ETF on behalf of themselves and
all others similarly situated,

23 Plaintiffs,

24 vs.

25 FORESCOUT TECHNOLOGIES, INC.,
MICHAEL DECESARE, AND CHRISTOPHER
26 HARMS,

27 Defendants.

Case No. 3:20-cv-03819

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

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1 Plaintiffs The Arbitrage Fund, Water Island LevArb Fund, LP, Water Island Diversified
2 Event-Driven Fund, Water Island Merger Arbitrage Institutional Comingled Master Fund, LP and
3 AltShares Merger Arbitrage ETF (collectively, "Plaintiffs") bring this action pursuant to Sections
4 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") on behalf of
5 themselves and all other persons or entities who purchased or otherwise acquired the common stock
6 of defendant Forescout Technologies, Inc. ("Forescout" or the "Company") during the period from
7 February 6, 2020 through May 15, 2020, inclusive (the "Class Period") and were damaged thereby
8 (the "Class").

9 Plaintiffs allege the following based upon personal knowledge as to Plaintiffs' own acts,
10 and information and belief as to all other matters. Plaintiffs' information and belief is based upon
11 an ongoing independent investigation by Plaintiffs' undersigned counsel, which includes, among
12 other things, review and analyses of: (i) Forescout's public documents, conference calls and other
13 public statements; (ii) the Company's filings with the United States Securities and Exchange
14 Commission ("SEC"); (iii) wire and press releases published by and regarding the Company; (iv)
15 analyst reports and other market information about the Company; and (v) the verified pleadings
16 and other documents publicly filed in *Forescout Technologies, Inc. v. Ferrari Group Holdings,*
17 *L.P. and Ferrari Merger Sub, Inc.*, Case No. 2020-0285-VSG (Del. Ch.) (the "Delaware
18 Litigation").

19 Counsel's investigation into the factual allegations continues, and many of the relevant facts
20 are known only by defendants or are exclusively within defendants' custody or control.

21 Plaintiffs believe that substantial additional evidence supporting the allegations set forth
22 herein will be uncovered during discovery.

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INTRODUCTION

1
2 1. On Monday, May 18, 2020, Forescout Technologies, Inc. (“Forescout”), announced
3 that on Friday May 15, 2020, it received notice from its acquisition partner, Advent International
4 Corporation (“Advent”), that Advent “would not be proceeding to consummate the acquisition of
5 Forescout” pursuant to the parties February 6, 2020 merger agreement (“Merger Agreement”). As
6 a result of the disclosure, Forescout’s stock price plummeted 23.5% from \$29.52 per share at close
7 on May 15, 2020 to \$22.57 per share at close on May 18, 2020, wiping out approximately \$300
8 million in market capitalization.

9 2. While investors were entirely surprised by the announcement, Forescout and its
10 senior executives had known for months that: (i) its business was experiencing a significant
11 decline, (ii) Advent was concerned about Forescout’s recent financial performance, (iii) Forescout
12 was not meeting its obligations under the Merger Agreement, and, as a result of these factors, (iv)
13 there was a significant risk Forescout’s planned transaction (the “Transaction”) with Advent would
14 not close.

15 3. Specifically, by the start of the Class Period on February 6, 2020 – when Forescout
16 announced the Merger Agreement with Advent and positive fourth quarter 2019 earnings—
17 Forescout knew that its business had begun to suffer a dramatic and undisclosed downturn,
18 including it its fast-growing Asia Pacific and Japan (“APJ”) region that was impacted by COVID-
19 19 starting in January. In addition, Forescout was aware that its fourth quarter 2019 revenues were
20 inflated through an abnormal transaction with one of its largest resale customers, Merlin
21 International Inc. (“Merlin”), which a whistleblower has alleged to Advent was the result of a
22 “channel stuffing scheme” in the fourth quarter of 2019. Because of these factors, Forescout knew
23 that the consummation of the Transaction was exceptionally risky at the time it announced the
24 Merger Agreement.

25 4. Forescout neither disclosed these facts to investors nor Advent at the time it signed
26 the Merger Agreement. Nor did Forescout disclose that its financial collapse would preclude the
27 availability of the debt financing needed to close the transaction. In fact, while Forescout provided
28 certain revised projections during the sales process to bidders, it did not disclose the true known

1 extent of its financial downturn, including the early impacts of COVID-19 on the APJ region, nor
2 the abnormal transaction with Merlin.

3 5. While Forescout was experiencing — but not disclosing — a dramatic downturn in
4 first quarter revenues, the other companies in its peer group were reporting significant growth. For
5 example, of Forescout’s twelve peer companies that have reported first quarter 2020 results to date,
6 six (Rapid7, Inc., Tenable Holdings, Inc., SailPoint Technologies Holdings, Inc., Workiva Inc.,
7 Fortinet, Inc. and Palo Alto Networks, Inc.) had year-over-year revenue growth of over 20%, four
8 (Talend S.A., Qualys, CyberArk Software Ltd. and FireEye) had year-over-year revenue growth
9 between 5% and 20%, and two (Splunk Inc. and Varonis Systems, Inc.) had relatively flat revenue.
10 Forescout investors had every reason to expect comparable performance based on the combination
11 of the Company’s reported fourth quarter growth, positive ongoing performance statements
12 and peer group performance. Unfortunately, Forescout knew but failed to advise investors that its
13 positive statements were no longer true and its first quarter revenue declined year-over-year by
14 24%.

15 6. Forescout’s own Delaware complaint seeking specific performance from Advent
16 reveals that Forescout was told by Advent as early as March 2020 it had concerns regarding the
17 Company’s troubling financial performance, and that throughout April 2020 Advent repeatedly
18 requested updated financial information and projections from Forescout. Knowing that the
19 financial information would be troubling to Advent, Forescout refused to provide much of the
20 requested data. Notably, Forescout’s most senior executives, Defendants DeCesare and Harms,
21 were highly motivated to mislead investors and Advent in order to push through the closing of the
22 Transaction, as the two executives stood to receive over \$42 million from the Transaction.

23 7. Most significantly, on May 8, 2020, during a phone call between Forescout’s Chief
24 Executive Officer and President, Michael DeCesare, and Advent’s head of technology investment
25 Bryan Taylor, ***Mr. Taylor told DeCesare that Advent was considering not closing the transaction.***
26 Mr. Taylor stated that Advent could not “make the numbers work.”

27 8. In addition to its financial collapse, following the signing of the Merger Agreement
28 Forescout failed to meet its obligations under the “ordinary course” provisions of the Merger

1 Agreement. For instance, Forescout refused to update its financial forecasts, decreased its sales
2 operations, provided customers with non-standard discounts and payment terms, and took actions
3 to undermine employee retention.

4 9. None of these issues were disclosed to investors. Indeed, on February 6, 2020 – the
5 same day the Transaction was announced – Forescout released positive fourth quarter 2020
6 financial results, stating it had seen “strong demand” and that it “expanded our market footprint
7 with the addition of 160 new logos and 3.2 million new devices under management.” Forescout’s
8 future SEC filings during the Class Period continued to mislead investors by failing to update
9 significantly out-of-date and inflated projections, as well as by failing to warn investors that Advent
10 had concerns regarding the Company’s recent financial performance.

11 10. Remarkably, on May 11, 2020 – *i.e.* three days *after* Advent informed DeCesare it
12 was considering not closing the Transaction – Forescout issued a press release announcing its first
13 quarter financial results and quoting DeCesare as stating “we look forward to completing our
14 pending transaction with Advent.” Forescout’s Form 10-Q filed with the SEC on the same day also
15 misled investors by failing to disclose the known risk that Advent was considering not closing the
16 Transaction.

17 11. At no time during the Class Period did Forescout reveal to investors that: (i) its
18 fourth quarter 2019 revenues were inflated by the abnormal transaction with Merlin; (ii) its financial
19 performance was experiencing a significant and disproportionate decline starting early in the first
20 quarter of 2020, (iii) Advent repeatedly expressed concerns regarding Forescout’s recent financial
21 performance; (iv) Forescout was not meeting its obligations under the Merger Agreement; (v) there
22 was a material risk the Transaction would not close or (vi) that Advent had informed Forescout it
23 was considering terminating the Merger Agreement.

24 12. Plaintiffs bring this class action on behalf of themselves and other purchasers of
25 Forescout common stock (NASDAQ: FCST) from February 6, 2020 to May 15, 2020, inclusive,
26 to recover damages from Defendants’ wrongdoing.

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JURISDICTION AND VENUE

13. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa. In addition, because this is a civil action arising under the laws of the United States, this Court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1337.

14. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because Defendant Forescout conducts business and is headquartered in this District and many of the acts and transactions that constitute violations of law complained of herein, including the dissemination to the public of untrue statements of material facts and statements that omitted material facts necessary to make the statements not misleading.

15. In connection with the acts alleged herein, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to the mails, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

A. Plaintiffs

16. Plaintiff The Arbitrage Fund is a mutual fund formed in 2000 and organized under Delaware law. As set forth in the attached certification, The Arbitrage Fund purchased Forescout common stock during the Class Period and was damaged thereby.

17. Plaintiff Water Island LevArb Fund, LP is a hedge fund formed in 2017 and organized under Delaware Law. As set forth in the attached certification, Water Island LevArb Fund, LP purchased Forescout common stock during the Class Period and was damaged thereby.

18. Plaintiff Water Island Diversified Event-Driven Fund is a mutual fund formed in 2010 and organized under Delaware law. As set forth in the attached certification, Plaintiff Water Island Diversified Event-Driven Fund purchased shares of Forescout common stock and suffered damages as a result of the violations of the federal securities laws alleged herein.

19. Plaintiff Water Island Merger Arbitrage Institutional Comingled Master Fund, LP is a hedge fund formed in 2018 and organized under Delaware law. As set forth in the attached certification, Water Island Merger Arbitrage Institutional Comingled Master Fund, LP purchased

1 shares of Forescout common stock and suffered damages as a result of the violations of the federal
2 securities laws alleged herein.

3 20. Plaintiff AltShares Merger Arbitrage ETF is an exchange-traded fund founded in
4 2020 and organized under Delaware law. As set forth in the attached certification, Plaintiff
5 AltShares Merger Arbitrage ETF purchased shares of Forescout common stock and suffered
6 damages as a result of the violations of the federal securities laws alleged herein.

7 **B. Defendants**

8 21. Defendant Forescout Technologies, Inc. is a Delaware corporation headquartered in
9 San Jose, California. Forescout provides “security at first sight” by delivering software that enables
10 device visibility and control that enables enterprises and government agencies to gain improved
11 situational awareness of their environment (devices on their networks) and orchestrate actions to
12 reduce cyber and operational risk. Forescout’s common stock is listed on NASDAQ under the
13 symbol “FSCT.”

14 22. Defendant Michael DeCesare is Forescout’s President and Chief Executive Officer.
15 Mr. DeCesare is also a member of Forescout’s Board of Directors.

16 23. Defendant Christopher Harms has been Forescout’s Chief Financial Officer since
17 2013.

18 **FACTUAL BACKGROUND**

19 24. Forescout is a San Jose-based computer and network security company founded in
20 2000. The Company’s security software allows network administrators to monitor all devices
21 connected to the network to reduce cyber and operational risks. Forescout became a public
22 company in October 2017. According to Forescout’s filings, as of December 31, 2019, more than
23 3,700 customers in over 90 countries rely on the Company’s software.

24 25. In recent years Forescout has been focused on expanding its business
25 internationally, especially in the Asia Pacific and Japan (“APJ”) region. For example, during
26 Forescout’s second quarter 2019 earnings call on August 7, 2019, CEO DeCesare noted they the
27 Company hired additional sales representatives in APJ, a region DeCesare stated “did very well
28

1 this quarter for us.” The next month, Forescout appointed Wahab Yusoff to the role of regional
2 vice president for Asia Pacific and Japan. In the September 30, 2019 press release announcing Mr.
3 Yusoff’s appointment, Forescout described its business in the Southeast Asian region as “fast-
4 growing” and stated that its “device visibility and control platform has been rapidly adopted
5 throughout APJ.”

6 26. On October 21, 2019, activist investor Corvex Management LP, along with Jericho
7 Capital Asset Management L.P., publicly disclosed that they had formed a “group” to work together
8 to engage with Forescout regarding Forescout's business and prospects. Corvex and Jericho
9 together beneficially owned approximately 14.5% of Forescout’s common stock.

10 27. The disclosure of the Jericho/Corvex activist group becoming involved in Forescout
11 caused the price of Forescout’s common shares to jump over 12% from \$25.45 per share at close
12 on Friday, October 18, 2019 to \$28.70 per share at close on Monday, October 21, 2019.

13 28. Following the Corvex/Jericho disclosure and subsequent conversations between
14 Forescout and those investors, Forescout began exploring strategic and financial alternatives. On
15 October 28, 2019, Forescout retained Morgan Stanley and established a Strategic Committee to
16 oversee a review of strategic alternatives. In November 2019, Morgan Stanley began contacting
17 potential acquirors, including Advent.

18 29. On December 18, 2019, Forescout received written non-binding indications of
19 interest from four different potential acquirors. Advent was one of the four potential acquirors and
20 proposed an acquisition price of \$38.00 to \$41.00 in cash per share of Forescout common stock.

21 30. On January 27, 2020, based on recent financial results, a shift in sales (from shorter
22 license periods towards term-based licenses), and recent sales weaknesses, using a “bottoms up”
23 method Company management and Morgan Stanley created, and the Strategic Committee
24 approved, an “Alternate Plan” for Forescout’s projected financial performance. This Alternate Plan
25 was provided to potential acquirors, including Advent.

26 31. After continuing negotiations, on February 5, 2020, Forescout accepted Advent’s
27 acquisition proposal at a price of \$33.00 per share in cash. On February 6, 2020, Forescout filed a
28 Form 8-K announcing that it entered into an Agreement and Plan of Merger (the “Merger”

1 Agreement”) with Ferrari Group Holdings, L.P., a Delaware limited partnership (“Parent”), and
2 Ferrari Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent
3 (“Merger Sub”). Both Parent and Merger Sub are affiliated with funds managed and/or advised
4 by Advent (Parent, Merger Sub and Advent are referred to collectively herein as “Advent”). The
5 Merger Agreement provides that, subject to the terms and conditions set forth in the Merger
6 Agreement, Merger Sub will merge with and into the Company (previously defined as the
7 “Transaction”), with the Company surviving the Transaction and becoming a wholly owned
8 subsidiary of Parent.

9 32. The Merger Agreement further provided for a “go-shop” period during which
10 Forescout could consider alternative acquisition proposals. The go-shop period expired on March
11 8, 2020.

12 33. The Merger Agreement also contains certain termination rights for Forescout and
13 Advent. Upon valid termination of the Merger Agreement under specified circumstances,
14 Forescout will be required to pay Advent (or its designee) a termination fee of \$55,832,270.

15 34. In addition, the Merger Agreement contained various provisions regarding the
16 operations of Forescout’s business between the signing of the agreement and the closing of the
17 Transaction (the “Ordinary Course Requirements”). Specifically, Section 5.1 of the Merger
18 Agreement states:

19 Except (a) as expressly contemplated by this Agreement; (b) as set forth in
20 Section 5.1 or Section 5.2 of the Company Disclosure Letter [delivered by
21 Forescout to Ferrari on the date of signing of the Agreement]; (c) as
22 contemplated by Section 5.2; or (d) as approved by [Ferrari Group] (which
23 approval will not be unreasonably withheld, conditioned or delayed), during
24 the Pre-Closing Period, the Company will . . . (i) use its respective reasonable
25 best efforts to maintain its existence in good standing pursuant to applicable
26 Law; (ii) subject to the restrictions and exceptions set forth in Section 5.2 or
27 elsewhere in this Agreement, **conduct its business and operations in the
28 ordinary course of business; and (iii) use its respective reasonable best
efforts to (a) preserve intact its material assets, properties, Contracts
and business organizations; (b) keep available the services of its current
officers and key employees; and (c) preserve the current relationships
with material customers, suppliers, distributors, [etc.], in each case solely
to the extent that (A) the Company has not, as of the date of this Agreement,
already notified such third Person of its intent to terminate those relations**

1 and (B) provided notice thereof to Parent prior to the date of this Agreement.
2 (emphasis added)

3 35. Forescout also filed a press release on February 6, 2020 regarding the Merger
4 Agreement. In the press release, Defendant DeCesare is quoted, stating:

5 This transaction represents an exciting new phase in the evolution of
6 Forescout. We are excited to be partnering with Advent International and
7 Crosspoint Capital, premier firms with security DNA and track records of
8 success in strengthening companies and supporting them through
9 transitional times. We look forward to working with Advent and Crosspoint
10 Capital to advance our strategic objectives and want to thank our employees
11 for their continued hard work and commitment to Forescout.

12 36. Also in the February 6th press release, Theresia Gouw, Chair of the Forescout Board
13 of Directors, is quoted:

14 We are pleased to have reached this agreement with Advent, which delivers
15 significant immediate value to shareholders, and positions Forescout to
16 continue meeting and exceeding the expectations of our customers. . . . This
17 transaction, which is the result of a robust process conducted by the Board
18 of Directors with the assistance of independent legal and financial advisors,
19 is a testament to the value Forescout has created and the reputation our team
20 has built. In making its determination, the Board of Directors considered the
21 likely volatility associated with the business model transition to ratable
22 revenue recognition, changes to our go-to-market initiatives, particularly in
23 EMEA, and timing of significant eight-figure deals, while managing to
24 quarterly street estimates as a publicly traded company. We are confident
25 that this transaction is the best path forward for Forescout and our
26 stakeholders.

27 37. Thousands of investors, including Plaintiffs, purchased shares following the
28 announcement of the Transaction. Indeed, over 21 million shares of Forescout common stock
changed hands on February 6, 2020 – over half of the public float (approximately 41 million shares)
and approximately seven times the average trading volume.

38. During the sales process, the COVID-19 virus emerged and began affecting
businesses worldwide. By January 21, 2020, significant portions of China were “shut down” and
Japan, South Korea, Thailand and the United States all had reported cases of COVID-19. On
January 30, 2020, the World Health Organization declared COVID-19 a global public health
emergency. While COVID-19 had an overall positive impact on the cyber security industry, prior

1 to the signing of the Merger Agreement Forescout began to suffer significant financial impacts
2 from the virus. Indeed, in its Verified Complaint filed in the Delaware Litigation, Forescout stated:
3 “The Merger Agreement only permits Defendants to claim a Company Material Adverse Effect if
4 it occurs *after* the date of signing of the Merger Agreement, but COVID-19 clearly existed prior to
5 signing.”

6 **A. Forescout Knows The Transaction Is At Risk But Fails To Disclose This Risk**
7 **to Investors**

8 39. Beginning by at least the February 6th announcement of the Merger Agreement,
9 Forescout was aware of the significant and disproportionate impact COVID-19 was having on its
10 business but failed to disclose it to investors.

11 40. For example, on the same day as the announcement of the Merger Agreement
12 Forescout disclosed positive fourth quarter 2019 financial results, including \$91.3 million in fourth
13 quarter revenue compared to \$84.7 million of revenue in the fourth quarter of 2018 (an 8% YoY
14 increase). In connection with the earnings announcement, CEO DeCesare was quoted stating “Our
15 results for the fourth quarter reflect strength across many parts of the business as we continue to
16 see strong demand for device control and visibility across all segments of the market.” Forescout’s
17 earnings announcement did not mention COVID-19 nor that the Company was on pace for a
18 substantial decline in first quarter revenue. Forescout chose not to issue first quarter guidance in
19 light of the pending Transaction.

20 41. On February 28, 2020, Forescout filed with the SEC its annual report on Form 10-
21 K for the period ended December 31, 2019 (the “2019 Form 10-K”). Forescout warned vaguely in
22 the 2019 Form 10-K that its “international operations expose us to a variety of risks” including
23 “natural disasters, restrictions on travel or health risks that may adversely affect our ability to sell
24 our products and services or support our operations or may result in disruption to our supply chain.”

25 42. The 2019 Form 10-K, Forescout also detailed extensive “Risks Relating to the
26 Merger.” These risks were:

- 27 (i) The announcement and pendency of our agreement to be acquired by
28 Advent could adversely affect our business;

- (ii) The failure to complete the Merger could adversely affect our business;
- (iii) While the Merger is pending, we are subject to business uncertainties and contractual restrictions that could harm our operations and the future of our business or result in a loss of employees;
- (iv) The Merger Agreement limits our ability to pursue alternatives to the Merger, and
- (v) Litigation may arise in connection with the Merger, which could be costly, prevent consummation of the Merger, divert management’s attention and otherwise materially harm our business.

43. Despite these lengthy risk factors regarding the Transaction, Forescout failed to disclose the truth – that the Company was experiencing a significant financial collapse, especially in the APJ region, and, as a result, Forescout knew there was a heightened material risk the Advent Transaction would not close.

44. Notably, the Transaction-related risk factors discussed above including the following language regarding the Ordinary Course Requirements, stating, in part:

Pursuant to the terms of the Merger Agreement with Advent, we are subject to certain restrictions on the conduct of our business. ***These restrictions generally require us to conduct our businesses in the ordinary course, consistent with past practice, and subject us to a variety of specified limitations***, including the ability in certain cases to enter into material contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures, until the proposed Merger becomes effective or the Merger Agreement terminates. These restrictions, which are standard for a transaction of this type, may inhibit our ability to take actions outside of the ordinary course of our business that are inconsistent with our past practice but which we may consider advantageous and limit our ability to respond to future business opportunities and industry developments that may arise during such period. (emphasis added)

45. Forescout chose to warn investors about the Ordinary Course Requirements but failed to disclose that it was failing to meet certain of those obligation. As revealed in the Delaware Litigation, Forescout failed to meet its Ordinary Course Requirements in the following ways:

- i. The Company has abdicated its ordinary course business planning, budgeting, and financial forecasting responsibilities, has refused to produce updated financial forecasts for 2020 or beyond, and has otherwise failed to manage its business in the ordinary course since signing the Merger Agreement; indeed, despite repeated requests by Parent, the Company has declined to update its business plan or forecasts since January of 2020.

1 ii. The Company's sales function has dramatically decreased meaningful
2 interactions with customers. As just one example, the number of hardware
3 and virtual software proof-of-value assessments performed by sales
4 representatives has plummeted. This has resulted in substantial deterioration
5 of the Company's customer pipeline. Unlike its competitors, the Company
6 has not demonstrated an ability to effectively sell its product remotely or by
7 any other means.

8 iii. The Company has provided and is continuing to provide non-standard
9 discounts and payment terms on its products to a significant number of
10 customers. These non-standard discount and payment terms are material and
11 substantially adversely affect the near- and long-term business prospects of
12 the Company.

13 iv. The Company's management has erroneously told certain employees that
14 they will likely be terminated post-Closing and the Company has made
15 adverse compensation decisions with certain employees, outside of the
16 ordinary course and to the detriment of employee morale and retention.

17 Each of these are examples of violations the Ordinary Course Requirements in the Merger
18 Agreement.

19 46. On March 3, 2020, Forescout filed with the SEC its Preliminary Proxy Statement
20 relating to the Transaction (the "Preliminary Proxy"). In addition to incorporating by reference the
21 2019 Form 10-K, the Preliminary Proxy detailed that the Forescout Board unanimously: "(1)
22 determined that the merger agreement, the merger and the other transactions contemplated by the
23 merger agreement are fair to, advisable and in the best interests of Forescout and its stockholders;
24 and (2) adopted and approved the merger agreement, the merger and the other transactions
25 contemplated by the merger agreement." The Preliminary Proxy included the Alternate Plan
26 projections prepared by Forescout's management in January 2020. These projections were not
27 updated to take into account Forescout's ongoing disastrous first quarter. Indeed, the Preliminary
28 Proxy did not discuss Forescout's financial decline, Forescout's failure to comply with the Ordinary
Course Requirements, that Advent had raised concerns with Forescout regarding its recent financial
performance, or that there was a material risk that Advent would withdraw from the Merger
Agreement.

1 47. On March 9, 2020, Forescout issued a press release announcing the expiration of the
2 30-day “go-shop” period pursuant to the terms of the Merger Agreement. Forescout did not receive
3 any alternative acquisition proposals.

4 48. Forescout filed its Definitive Proxy Statement (“Proxy”) on March 24, 2020. The
5 Proxy noticed a special shareholder meeting for April 23, 2020 for shareholders to vote on the
6 Merger Agreement (the “Special Meeting”). Like the Preliminary Proxy, the Proxy incorporated
7 by reference the 2019 Form 10-K and emphasized the Board’s support for the Merger. The Proxy
8 heavily relied upon the Alternate Plan projections developed in January but continued to omit the
9 ongoing disastrous quarter and the risks COVID-19 posed to Forescout’s business and the pending
10 Transaction. Indeed, the 123-page Proxy’s only mention of COVID-19 was several sentences
11 stating “We elected to use a virtual meeting given the current public health implications of COVID-
12 19 (novel coronavirus) and our desire to promote the health and welfare of our stockholders.”

13 49. By the time of the Proxy, Forescout and its senior officers knew that COVID-19 was
14 severely and disproportionately impacting Forescout’s business, that Forescout was not complying
15 with the Ordinary Course Requirements, that Advent had expressed concerns about the Company’s
16 financial performance and that there was a significant risk the Transaction would not close. Indeed,
17 in filings in the Delaware Litigation, Forescout has conceded COVID-19 began to impact its
18 business prior to the execution of the Merger Agreement and that Advent expressed concerns
19 regarding Forescout’s financial performance at least since March 2020.

20 50. During April 2020, Advent repeatedly requested updated financial information from
21 Forescout and revised projections in light of COVID-19. For example, on April 14, 2020, Advent
22 delivered to Forescout a “revised base case” analysis for fiscal year 2020 and 2021, which presented
23 a more conservative outlook in light of the impacts of the virus. The next week, on April 19, 2020,
24 Forescout received a request from Ferrari Group/Advent for sales information specific to Q1 2020.
25 On April 20, 2020, Ferrari delivered a revised financial forecast to Forescout expressing concern
26 about the impact of COVID-19 on the Company and requesting a variety of additional financial
27 information. Forescout provided responses to those requests on April 23, 2020.

28

1 51. Overall, Forescout’s financial performance suffered a dramatic decline during the
2 first quarter of 2020, including its year-over-year first quarter earnings falling by 76% and year-
3 over-year first quarter revenue falling by 24%. This decline is expected to continue over the second
4 and third quarters of 2020. Notably, COVID-19 and related business factors have
5 disproportionately impacted Forescout, as the financial performance of the Company’s peers has
6 actually improved in this economic environment, while Forescout’s financial performance as
7 dramatically declined.

8 52. At no time did Forescout amend its Proxy to disclose to investors Advent’s rapidly
9 increasing concerns regarding the impact of COVID-19 or the known risk the Transaction was in
10 jeopardy. The Transaction was approved by shareholder vote at the Special Meeting on April 23,
11 2020. Shareholders were deprived of a full and fair opportunity to vote but did so without the truth
12 regarding Advent’s concerns relating to COVID-19 and intent to not proceed with the Transaction.

13 53. On April 30, 2020, Spruce Point Capital Management (“Spruce Point”) issued a
14 public letter to the management Advent recommending that Advent “critically reexamine its
15 agreement to purchase Forescout Technologies, Inc.” Spruce Point attached a report to the letter
16 supporting its view that the deal price could be revised lower by up to 35%-50%, if not called off
17 entirely. Neither Forescout nor Advent publicly responded to the Spruce Point letter.

18 **B. Forescout Continues to Mislead Investors After Advent States It Is**
19 **Considering Not Closing**

20 54. On a May 8, 2020 phone call between Defendant DeCesare and Advent’s Bryan
21 Taylor, Mr. Taylor told DeCesare that Advent “was considering not closing the Merger,” a position
22 that he said was “100% COVID related.”

23 55. Despite this knowledge, just three days later on May 11, 2020, Forescout issued a
24 press release announcing its first quarter 2020 financial results. The press release quoted DeCesare
25 stating “we look forward to completing our pending transaction with Advent.” The press release
26 gave reasonable investors the impression that DeCesare and Forescout were not aware of any
27 heightened risk that the merger would not be consummated and was inconsistent with the present
28 condition that Advent had stated that it was considering terminating the merger agreement.

1 56. Forescout also filed its first quarter 2020 Form 10-Q on May 11, 2020. The Form
2 10-Q contained an extensive discussion of risk factors relating to COVID-19:

3 *The recent global COVID-19 outbreak has adversely affected, and*
4 *could continue to adversely affect, our business and results of*
5 *operations. We are unable to predict the extent to which the*
6 *pandemic and related impacts will continue to adversely affect our*
7 *business operations, financial performance, results of operations,*
8 *and financial position.*

9 In March 2020 the World Health Organization declared COVID-19
10 to be a global pandemic. This outbreak has continued to spread
11 across the globe and is impacting worldwide economic activity and
12 financial markets. As a result of COVID-19, we are experiencing
13 negative impacts on our sales and marketing efforts, along with
14 delays to, and lengthening of, our sales cycles. Any of these could
15 harm our business and results of operations. In addition, COVID-19
16 may disrupt the operations of our customers and partners for an
17 indefinite period of time, including as a result of travel restrictions
18 and/or business shutdowns, all of which could negatively impact our
19 business and results of operations.

20 More generally, the outbreak of COVID-19 has adversely affected
21 economies and financial markets globally, potentially leading to an
22 economic downturn, which could decrease technology spending and
23 adversely affect demand for our offerings and harm our business and
24 results of operations. We expect that until the pandemic subsides, we
25 will face longer sales cycles and challenges attracting new customers
26 and closing sales. Further, if we need to raise capital, we may not be
27 able to do so on terms that are favorable for us or our stockholders,
28 or at all. It is not possible at this time to estimate the impact that
 COVID-19 could have on our business, as the impact will depend on
 future developments, which are highly uncertain and cannot be
 predicted.

29 57. This risk factor failed to warn investors that COVID-19 was having a
30 disproportionate impact on Forescout and that Advent was considering not closing the merger.
31 Instead, the Form 10-Q merely stated, “The Merger is expected to close in the second fiscal quarter
32 of 2020.”

33 58. Further corroborating their intent to renege on the deal, on May 13, 2020, Advent
34 cancelled a previously-scheduled planning meeting of the Forescout and Advent communications
35 teams to coordinate the public announcements of the closing of the Merger.

1 59. On May 14, 2020, Mr. Taylor sent Forescout’s CEO a presentation called “Project
2 Ferrari Financial Analysis.” The presentation contained a “revised base case” and a new “downside
3 case” that Advent had prepared for Forescout. Advent explained that the scenarios had been created
4 because the Company had declined to create new projections.

5 C. **Advent Withdraws From The Deal and Details Forescout’s Dramatic**
6 **Financial Decline**

7 60. On May 15, 2020, Ferrari Group, through Advent, sent a letter to Forescout stating
8 that Defendants would “not be proceeding to consummate the transaction on May 18, 2020 as
9 scheduled.”

10 61. Following the disclosure, Forescout’s stock price plummeted 23.5% from \$29.52
11 per share at close on May 15, 2020 to \$22.57 per share at close on May 18, 2020. Forescout’s stock
12 price further fell to \$20.93 per share at close on May 19, 2020 and \$19.85 per share at on May 20,
13 2020 as the market continued to digest the news.

14 62. Advent’s letter to Forescout terminating the Transaction was later revealed as an
15 exhibit to a motion in the Delaware Litigation. In the letter, Advent stated it “determined that (1)
16 the Company is in material breach of various covenants set forth in the Merger Agreement; (2) a
17 Company Material Adverse Effect has occurred and is continuing; and (3) the Company will be
18 insolvent at the time of Closing after giving effect to the proposed transaction.” According to
19 Advent, “For these reasons, the proposed transaction cannot close and accordingly, we will not be
20 proceeding to consummate the transaction on May 18, 2020 as scheduled.”

21 63. Advent’s letter also revealed the extent of Forescout’s undisclosed significant and
22 disproportionate financial decline. In particular, Advent wrote that:

23 Specifically, *the Company has already suffered a dramatic decline*
24 *in earnings potential and financial performance year-over-year*
25 *from Q1 2019 to Q1 2020 and is on pace to suffer a dramatic*
26 *decline in earnings potential and financial performance year-over-*
27 *year from Q2 2019 to Q2 2020, and from Q3 2019 to Q3 2020.* In
28 addition, based on the Company’s actual recent financial
 performance, information received from the Company regarding the
 Company’s expected future financial performance (including sales
 and customer pipeline data), and Parent’s projections of future
 financial performance for the fiscal year 2020 and beyond, it is clear

1 that *the Company's decline in earnings potential and financial*
2 *performance will last for a durationally significant period of time.*

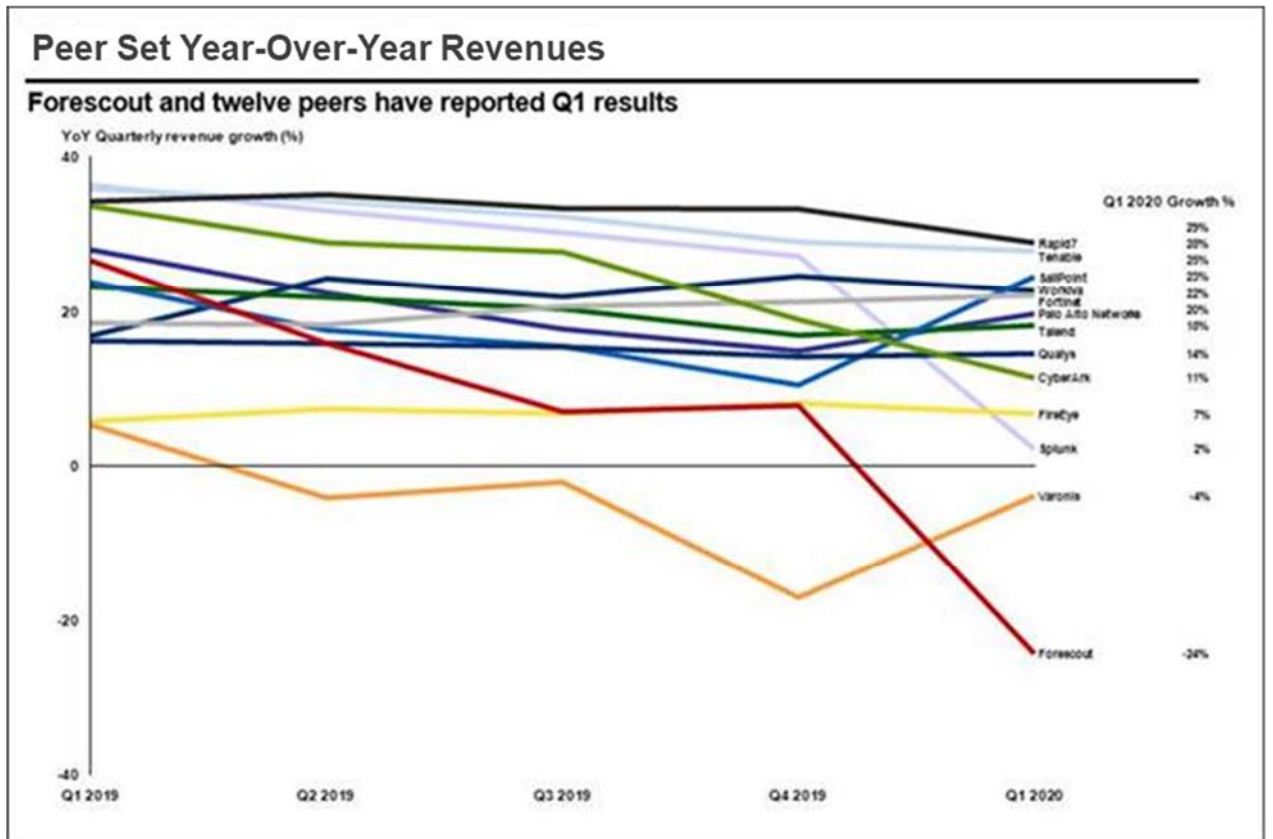
3 To the extent that the Company has attributed its downturn in
4 financial prospects to the COVID-19 outbreak or any other general
5 economic condition, there has been a materially disproportionate
6 effect on the Company's business relative to other companies of
7 similar size operating in the industries in which the Company and its
8 subsidiaries conduct business. *See* Merger Agreement, Section
9 1.1(t)(i), (vi). In fact, the financial performance and earnings of the
10 Company's peers have actually improved in this economic
11 environment, while the Company's financial performance and
12 earnings have dramatically declined. (emphasis added).

13 64. According to the answer and verified counterclaim in the Delaware litigation, the
14 transaction involved \$400 million in term loan financing and a \$40 million revolver commitment.
15 The term loan financing and \$40 million revolver commitment were subject to the terms of a debt
16 commitment letter. Based on Advent's consideration and evaluation of Forescout's business and
17 financial circumstances, it concluded that the assumption of the \$400 million in new debt, which
18 was a key aspect of the merger financing, would leave Forescout unable to meet its operational
19 costs and unable to satisfy its growing liabilities.

20 65. The Merger Agreement specified that "In no event will [Forescout] be entitled to
21 enforce or seek to enforce specifically Parent's obligation to cause the Equity Financing to be
22 funded or to complete the Merger if the Debt Financing has not been funded in full (or is not
23 reasonable expected to be funded in full at the Closing)."

24 66. In its May 15 letter, Advent also referenced its conclusion that because of
25 Forescout's financial condition, certain conditions to the debt commitment letter, which governed
26 the availability of debt financing at the time of closing, could not be satisfied.

27 67. Other filings in the Delaware Litigation indicate Forescout's Q1 2020 earnings were
28 down 76% compared to Q1 2019 and its revenue was down 24% compared to Q1 2019. During
29 the same period, most of Forescout's peers experienced revenue growth in excess of 20%. The
30 defendants in the Delaware litigation included the following chart in their Verified Counterclaim
31 to demonstrate this:



68. On May 19, 2020, Forescout sued Advent in the Delaware Court of Chancery to enforce the Merger Agreement, seeking an order of specific performance requiring Advent to comply with the obligation to close. Forescout alleges that it has not suffered a Material Adverse Event under the terms of the Merger Agreement because “the Merger Agreement expressly excludes any effects on the Company resulting from ‘epidemics’ and ‘pandemics,’ barring a materially disproportionate impact on the Company, and—even then—only to the extent the Company experiences an incremental disproportionate impact.” Significantly, Forescout argues in its Verified Complaint that “The Merger Agreement only permits Defendants to claim a Company Material Adverse Effect if it occurs *after* the date of signing of the Merger Agreement, but COVID-19 clearly existed prior to signing.” A July 2020 trial is currently scheduled in the Delaware Litigation.

69. A subpoena served on Merlin International Inc. in the Delaware Litigation indicates that on May 5, 2020, Advent received a whistleblower letter alleging Forescout engaged in an

1 undisclosed channel stuffing scheme in the fourth quarter of 2019. Merlin is one of Forescout's
2 "Gold Resellers" (Forescout sells its software "predominantly through a network of value added
3 resellers and systems integrators that provide a broad reach into various segments of the market
4 across geographies") and offers its customers a "portfolio" of compatible security technologies,
5 including Forescout's software. In August 2018, Merlin licensed Forescout's software to the U.S.
6 Social Security Administration for a twelve-month base period with up to five one-year extensions.
7 The total value of the contract is up to approximately \$8.1 million dollars.

8 70. Following the public issuance of the subpoena, Forescout issued a statement
9 denying the allegations, stating "that allegations made against the company were related to an
10 ordinary course transaction with one of the company's largest customers and the company has been
11 paid in full, as confirmed by the company's auditor."

12 71. However, whether Forescout has been paid in full is not indicative of whether the
13 Company engaged in wrongdoing with respect to the large transaction. Forescout's customers
14 typically buy a software subscription, and Forescout's SEC filings explain "While we typically bill
15 for term contracts upfront, we recognize revenue from term contracts ratably over the contractual
16 service period, which is typically either one or three years, but can be up to five years."
17 Accordingly, even if Forescout has in fact been paid in full in connection with the suspect large
18 transaction, Forescout may have improperly recognized the revenue from the sale in order to inflate
19 its financials during the merger sales process.

20 **DEFENDANTS' MATERIALLY FALSE STATEMENTS**

21 **AND OMISSIONS OF MATERIAL FACT**

22 72. During the Class Period, Defendants made a host of materially false and misleading
23 statements and omissions of material facts.

24 73. First, on February 6, 2020, Forescout announced that it had entered into the Merger
25 Agreement. The announcement stated that "The transaction is expected to close in the second
26 calendar quarter of 2020, subject to customary closing conditions, including approval by Forescout
27 shareholders and receipt of regulatory approvals."
28

1 74. Forescout’s February 6, 2020 statement was false and misleading when made.
2 Indeed, Forescout’s financial performance had started to significantly and disproportionately
3 decline in the first quarter of 2020, putting the Transaction as significant risk. In addition, COVID-
4 19 started to have a significant impact on Forescout prior to the execution of the Merger Agreement.

5 75. On February 6, 2020, Forescout also announced its fourth quarter 2019 financial
6 results. Forescout disclosed results, including \$91.3 million in fourth quarter revenue compared to
7 \$84.7 million of revenue in the fourth quarter of 2018 (an 8% YoY increase). In connection with
8 the earnings announcement, CEO DeCesare was quoted stating “Our results for the fourth quarter
9 reflect strength across many parts of the business as we continue to see strong demand for device
10 control and visibility across all segments of the market.”

11 76. Forescout’s February 6th earnings announcement was materially false and
12 misleading when made. Forescout appears to have recognized revenue early in the fourth quarter
13 2019 to inflate its earnings during the sales process and as a result the earnings it disclosed were
14 false and misleading. Forescout’s February 6th announcement also failed to disclose that its first
15 quarter 2020 was off to a disastrous start and rapidly declining sales.

16 77. Second, on February 28, 2020, Forescout filed its 2019 Form 10-K. The 2019 Form
17 10-K contained the following Risk Factors regarding the Transaction:

- 18 (i) The announcement and pendency of our agreement to be acquired
19 by Advent could adversely affect our business;
20 (ii) The failure to complete the Merger could adversely affect our
21 business;
22 (iii) While the Merger is pending, we are subject to business
23 uncertainties and contractual restrictions that could harm our
24 operations and the future of our business or result in a loss of
25 employees;
26 (iv) The Merger Agreement limits our ability to pursue alternatives
27 to the Merger, and
28 (v) Litigation may arise in connection with the Merger, which could
 be costly, prevent consummation of the Merger, divert
 management’s attention and otherwise materially harm our business.

78. The risk factors included the following language regarding the Ordinary Course
Requirements: “we are subject to certain restrictions on the conduct of our business. These

1 restrictions generally require us to conduct our businesses in the ordinary course, consistent with
2 past practice, and subject us to a variety of specified limitations.”

3 79. The above statements in Forescout’s 2019 Form 10-K were materially false and
4 misleading when made. Indeed, at the time of the filing the Form 10-K, Forescout knew that its
5 business was significantly and disproportionately declining, it was failing to comply with the
6 Ordinary Course Requirements, Advent expressed concerns about Forescout’s financial
7 performance and, as a result, there was a material risk that the Transaction would not close.

8 80. Third, Forescout filed the Preliminary Proxy with the SEC on March 3, 2020. The
9 Preliminary Proxy incorporated by reference Forescout’s 2019 Form 10-K. The Preliminary Proxy
10 also detailed that the Forescout Board unanimously:

11 “(1) determined that the merger agreement, the merger and the other
12 transactions contemplated by the merger agreement are fair to,
13 advisable and in the best interests of Forescout and its stockholders;
14 and (2) adopted and approved the merger agreement, the merger and
15 the other transactions contemplated by the merger agreement.”

16 81. The Preliminary Proxy was materially false and misleading when issued. Nowhere
17 did the Preliminary Proxy discuss that serious risks have developed which put the closing of the
18 Transaction in serious jeopardy, including Forescout’s significant and disproportionate financial
19 decline, its failure to comply with the Ordinary Course Requirements, and that Advent had
20 expressed concerns about its financial performance.

21 82. Fourth, Forescout filed its Proxy on March 24, 2020. The Proxy noticed a special
22 virtual shareholder meeting for April 23, 2020 for shareholders to vote on the Merger Agreement.
23 The Proxy stated, “We elected to use a virtual meeting given the current public health implications
24 of COVID-19 (novel coronavirus) and our desire to promote the health and welfare of our
25 stockholders.”

26 83. The Proxy was materially false and misleading when issued. Like the Preliminary
27 Proxy, the Proxy incorporated by reference the 2019 Form 10-K and emphasized the Board’s
28 support for the Merger, but continued to omit that Forescout’s business was significantly and

1 disproportionately impacted, Advent expressed concerns with the Company's financial
2 performance and, as a result, there was a material risk the Transaction would not close.

3 84. Fifth, on May 11, 2020, Forescout filed with the SEC its first quarter 2020 Form 10-
4 Q, which generally disclosed risks relating to COVID-19 and the impact on Forescout's business:

5 *The recent global COVID-19 outbreak has adversely affected, and could continue*
6 *to adversely affect, our business and results of operations. We are unable to*
7 *predict the extent to which the pandemic and related impacts will continue to*
8 *adversely affect our business operations, financial performance, results of*
9 *operations, and financial position.*

10 In March 2020 the World Health Organization declared COVID-19 to be a
11 pandemic. This outbreak has continued to spread across the globe and is impacting
12 worldwide economic activity and financial markets. As a result of COVID-19, we
13 are experiencing negative impacts on our sales and marketing efforts, along with
14 delays to, and lengthening of, our sales cycles. Any of these could harm our business
15 and results of operations. In addition, COVID-19 may disrupt the operations of our
16 customers and partners for an indefinite period of time, including as a result of travel
17 restrictions and/or business shutdowns, all of which could negatively impact our
18 business and results of operations.

19 More generally, the outbreak of COVID-19 has adversely affected economies and
20 financial markets globally, potentially leading to an economic downturn, which
21 could decrease technology spending and adversely affect demand for our offerings
22 and harm our business and results of operations. We expect that until the pandemic
23 subsides, we will face longer sales cycles and challenges attracting new customers
24 and closing sales. Further, if we need to raise capital, we may not be able to do so
25 on terms that are favorable for us or our stockholders, or at all. It is not possible at
26 this time to estimate the impact that COVID-19 could have on our business, as the
27 impact will depend on future developments, which are highly uncertain and cannot
28 be predicted.

The Form 10-Q further stated: "The Merger is expected to close in the second fiscal quarter of
2020." The Form 10-Q omitted that Advent was considering withdrawing from the merger
agreement.

85. The statements in Forescout's May 11, 2020 Form 10-Q were materially false and
misleading when made. Indeed, at the time of filing the Form 10-Q, Advent had already informed
Forescout that it was considering withdrawing from the Merger Agreement because of COVID-19.

1 86. Finally, also on May 11, 2020, Forescout issued a press release announcing its first
2 quarter financial results which stated that “we look forward to completing our pending transaction
3 with Advent.”

4 87. The statement in Forescout’s May 11, 2020 press release was materially false and
5 misleading when made. Indeed, at the time, Advent had informed Forescout that it was considering
6 withdrawing from the Merger Agreement because of COVID-19.

7 **ADDITIONAL ALLEGATIONS OF DEFENDANTS’ SCIENTER**

8 88. All Defendants acted with scienter in that they knew, or recklessly disregarded, that
9 their statements were false and misleading when made. While the facts set forth above sufficiently
10 demonstrate these Defendants’ scienter, additional facts further demonstrating Defendants’ scienter
11 are set forth below.

12 89. Defendants DeCesare and Harms were incentivized to hide from Advent negative
13 facts, including Forescout’s rapidly detreating financial performance, as the two executives stood
14 to receive over \$42 million from the Transaction.

15 90. Moreover, as demonstrated herein and as stated by Forescout itself in its Verified
16 Complaint, “From signing until Advent said they were unwilling to close, Advent International
17 personnel were in multiple meetings with Forescout to discuss Forescout’s business and guidance.”
18 Accordingly, Forescout’s senior executives were well aware of Advent’s concerns regarding
19 COVID-19’s significant and disproportionate impact on Forescout and the related risk the
20 Transaction would not close.

21 91. Other filings in the Delaware Litigation reveal that since March Advent expressed
22 concerns regarding Forescout’s financial performance. In April 2020, Advent repeatedly requested
23 from Forescout updated information regarding the Company’s financial condition. Forescout and
24 its executives – knowing that its business was in significant decline and that the transaction may be
25 in jeopardy – refused to provide satisfactory responses, and Advent chose to perform its own
26 analysis.

27 92. Forescout’s failure to abide by the Ordinary Course Requirements also demonstrates
28 scienter. Many of Forescout’s noncompliant acts – such as producing financial forecasts,

1 overseeing its sales representatives, providing customer discounts and retaining employees – are at
2 the core of Forescout’s operations and would be supervised by the Company’s most senior
3 executives.

4 93. Significantly, on May 8, 2020, Advent explicitly told Defendant DeCesare that
5 Advent was considering not closing the Transaction. As a result, DeCesare was unquestionably
6 aware of truth when he misled investors through Forescout’s press release issued on May 11, 2020.

7 **LOSS CAUSATION**

8 94. Defendants’ misrepresentations and omissions of material fact alleged above
9 artificially inflated the price of Forescout securities during the Class Period.

10 95. The artificial inflation created by Defendants’ alleged misrepresentations and
11 omissions was removed from the prices of Forescout common stock in direct response to
12 information revealed in the disclosures alleged in this Section, through which facts that partially
13 corrected Defendants’ prior misrepresentations and omissions of material fact were revealed and/or
14 the risks concealed by such misrepresented and omitted material facts partially materialized.

15 96. Specifically, on Monday, May 18, 2020, when Forescout announced that it received
16 notice on Friday May 15, 2020 that Advent “would not be proceeding to consummate the
17 acquisition of Forescout on May 18, 2020, as schedule,” Forescout’s stock price plummeted 23.5%
18 from \$29.52 per share at close on May 15, 2020 to \$22.57 per share at close on May 18, 2020.
19 Forescout’s stock price further fell to \$20.93 per share at close on May 19, 2020 and at \$19.85 per
20 share at on May 20, 2020 as the market digested the news.

21 **PRESUMPTION OF RELIANCE**

22 97. At all relevant times, the market for Forescout’s common stock was efficient for the
23 following reasons, among others:

24 (a) Forescout’s stock met the requirements for listing, and was listed and
25 actively traded on the NASDAQ, a highly efficient and automated market;

26 (b) As a regulated issuer, Forescout filed periodic reports with the SEC
27 and the NASDAQ;

28

1 (c) Forescout regularly communicated with public investors via
2 established market communication mechanisms, including through regular
3 disseminations of press releases on the national circuits of major newswire services
4 and through other wide-ranging public disclosures, such as communications with
5 the financial press and other similar reporting services; and

6 (d) Forescout was followed by numerous securities analysts employed
7 by major brokerage firms who wrote reports which were distributed to those
8 brokerage firms' sales force and certain customers. Each of these reports was
9 publicly available and entered the public marketplace.

10 98. As a result of the foregoing, the market for Forescout's common stock reasonably
11 promptly digested current information regarding Forescout from all publicly available sources and
12 reflected such information in the price of Forescout's common stock. All purchasers of Forescout
13 common stock during the Class Period suffered similar injury through their purchase of Forescout
14 common stock at artificially inflated prices, and a presumption of reliance applies.

15 99. A Class-wide presumption of reliance is also appropriate in this action under the
16 United States Supreme Court holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S.
17 128 (1972), because the claims asserted herein against Defendants are predicated upon omissions
18 of material fact for which there is a duty to disclose.

19 **INAPPLICABILITY OF THE STATUTORY SAFE HARBOR**

20 **AND BESPEAKS CAUTION DOCTRINE**

21 100. The statutory safe harbor or bespeaks caution doctrine applicable to forward-looking
22 statements under certain circumstances does not apply to any of the false and misleading statements
23 pleaded in this Complaint. None of the statements complained of herein was a forward-looking
24 statement. Rather, they were historical statements or statements of purportedly current facts and
25 conditions at the time the statements were made.

26 101. To the extent that any of the false and misleading statements alleged herein can be
27 construed as forward-looking, those statements were not accompanied by meaningful cautionary
28 language identifying important facts that could cause actual results to differ materially from those

1 in the statements. As set forth above in detail, then-existing facts contradicted Defendants'
2 statements regarding Forescout's business and the risks relating to the Advent Transaction. Given
3 the then-existing facts contradicting Defendants' statements, any generalized risk disclosures made
4 by Forescout were not sufficient to insulate Defendants from liability for their materially false and
5 misleading statements.

6 102. To the extent that any of the misstatements pleaded herein might be considered
7 forward-looking statements within the meaning of the PSLRA or the bespeaks caution doctrine,
8 Defendants are liable for those false forward-looking statements because at the time each of those
9 statements was made, the particular speaker knew that the particular forward-looking statement
10 was false, and the false forward-looking statement was authorized and approved by an executive
11 officer of Forescout who knew that the statement was false when made, and the statements were
12 not accompanied by meaningful cautionary language.

13 103. Additionally, the claims asserted herein are predicated in part on Defendants' failure
14 to disclose information for which there was a duty to disclose, which are not protected by the
15 statutory safe harbor.

16 **CLASS ACTION ALLEGATIONS**

17 104. This securities class action is brought on behalf of persons and entities that
18 purchased Forescout common stock between February 6, 2020 and May 15, 2020, inclusive and
19 were damaged thereby. Excluded from the Class are Defendants and other directors and officers
20 of Forescout, their families and affiliates, and any investment funds, companies or trusts controlled
21 by or benefitting these individuals.

22 105. The members of the Class are so numerous that joinder of all members is
23 impracticable. The disposition of their claims in a class action will provide substantial benefits to
24 the parties and the Court. Forescout has more than 41 million shares of common stock outstanding,
25 owned by hundreds or thousands of investors.

26 106. There is a well-defined community of interest in the questions of law and fact
27 involved in this case. Questions of law and fact common to the members of the Class which
28 predominate over questions which may affect individual Class members include:

- 1 a) Whether Defendants violated the Exchange Act;
- 2 b) Whether Defendants misrepresented material facts;
- 3 c) Whether Defendants' statements omitted material facts necessary in order
- 4 to make the statements made, in light of the circumstances under which
- 5 they were made, not misleading;
- 6 d) Whether Defendants knew or recklessly disregarded that their statements
- 7 and/or omissions were false and misleading;
- 8 e) Whether the prices of Forescout's securities were artificially inflated;
- 9 f) Whether Defendants' conduct caused the members of the Class to sustain
- 10 damages;
- 11 g) The extent of damage sustained by Class members and the appropriate
- 12 measure of damages.

13 107. Plaintiffs' claims are typical of those of the Class because Plaintiffs and the Class
14 sustained damages from Defendants' wrongful conduct.

15 108. Plaintiffs will adequately protect the interests of the Class and have retained counsel
16 experienced in class action securities litigation. Plaintiffs have no interests which conflict with
17 those of the Class.

18 109. A class action is superior to other available methods for the fair and efficient
19 adjudication of this controversy

20 **FIRST CAUSE OF ACTION**
21 **FOR VIOLATIONS OF SECTION 10(B) OF THE EXCHANGE ACT AND**
22 **RULE 10B-5 AGAINST DEFENDANTS FORESCOUT, DECESARE AND FARMS**

23 110. Plaintiffs repeat and reallege each and every allegation contained above as if fully
24 set forth herein.

25 111. During the Class Period, Defendants Forescout, DeCesare and Harms carried out a
26 plan, scheme, and course of conduct which was intended to and, throughout the Class Period, did:
27 (i) deceive the investing public, including Plaintiffs and other Class members, as alleged herein;

28

1 and (ii) cause Plaintiffs and other members of the Class to purchase Forescout securities at
2 artificially inflated prices.

3 112. Defendants Forescout, DeCesare and Harms: (i) employed devices, schemes, and
4 artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material
5 facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a
6 course of business which operated as a fraud and deceit upon the purchasers of the Company's
7 securities in an effort to maintain artificially high market prices for Forescout's securities in
8 violation of Section 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b), and Rule 10b-5 promulgated
9 thereunder, 17 C.F.R. § 240.10b-5.

10 113. Defendants Forescout, DeCesare and Harms, individually and in concert, directly
11 and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails,
12 engaged and participated in a continuous course of conduct to conceal adverse material information
13 about the Company's financial well-being, operation and prospects.

14 114. During the Class Period, Defendants Forescout, DeCesare and Harms made the false
15 statements specified above, which they knew or recklessly disregarded to be false or misleading in
16 that they contained misrepresentations and failed to disclose material facts necessary in order to
17 make the statements made, in light of the circumstances under which they were made, not
18 misleading.

19 115. Defendants Forescout, DeCesare and Harms had actual knowledge of the
20 misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true
21 facts that were available to them. Defendants Forescout, DeCesare and Harms engaged in this
22 misconduct to conceal Forescout's true condition from the investing public and to support the
23 artificially inflated prices of the Company's securities.

24 116. Plaintiffs and the Class have suffered damages in that, in reliance on the integrity of
25 the market, they paid artificially inflated prices for Forescout's securities. Plaintiffs and the other
26 members of the Class would not have purchased the Company's securities at the prices they paid,
27 or at all, had they been aware that the market prices for Forescout's securities had been artificially
28 inflated by the fraudulent course of conduct by Defendants Forescout, DeCesare and Harms.

1 117. As a direct and proximate result of wrongful conduct by Defendants Forescout,
2 DeCesare and Harms, Plaintiffs and the other members of the Class suffered economic loss and
3 damages in connection with their respective purchases of the Company's securities during the Class
4 Period as the prior artificial inflation in the price of Forescout's securities was removed over time.

5 118. By virtue of the foregoing, Defendants Forescout, DeCesare and Harms violated
6 Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

7 **SECOND CAUSE OF ACTION**

8 **FOR VIOLATIONS OF SECTION 20(A) OF THE**

9 **EXCHANGE ACT AGAINST DEFENDANTS DECESARE AND HARMS**

10 119. Plaintiffs repeat, incorporate, and reallege each and every allegation set forth above
11 as if fully set forth herein.

12 120. As alleged above, Forescout and Defendants DeCesare and Harms each violated
13 Section 10(b) and Rule 10b-5 thereunder by their acts and omissions as alleged in this Complaint.

14 121. Defendants DeCesare and Harms acted as controlling persons of Forescout within
15 the meaning of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a). By virtue of their high-level
16 positions, participation in and/or awareness of the Company's operations, direct involvement in the
17 day-to-day operations of the Company, and/or intimate knowledge of the Company's actual
18 performance, and their power to control the materially false and misleading public statements about
19 Forescout during the Class Period, the Defendants DeCesare and Harms had the power and ability
20 to control the actions of Forescout and its employees. By reason of such conduct, the Defendants
21 DeCesare and Harms are liable pursuant to Section 20(a) of the Exchange Act.

22 **PRAYER FOR RELIEF**

23 WHEREFORE, Plaintiffs pray for judgment as follows:

- 24 A. Determining that this action is a proper class action under Rule 23 of the Federal
25 Rules of Civil Procedure;
- 26 B. Awarding compensatory damages in favor of Plaintiffs and other Class members
27 against all Defendants, jointly and severally, for all damages sustained as a result
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of Defendants’ wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including attorneys’ fees and expert fees; and

D. Awarding such equitable/injunctive or other further relief (including, but not limited to, rescission) as the Court may deem just and proper.

JURY DEMAND

Plaintiffs hereby demand a trial by jury.

Dated: June 10, 2020

Respectfully submitted,

MARC M. SELTZER
KRYSTA KAUBLE PACHMAN
SUSMAN GODFREY L.L.P.

ANDREW J. ENTWISTLE
VINCENT R. CAPPUCCI
BRENDAN J. BRODEUR
ANDREW M. SHER
ENTWISTLE & CAPPUCCI LLP

By: /s/ Marc M. Seltzer

Marc M. Seltzer
Attorneys for Plaintiffs The Arbitrage Fund, Water Island LevArb Fund, LP, Water Island Diversified Event-Driven Fund, Water Island Merger Arbitrage Institutional Comingled Master Fund, LP and AltShares Merger Arbitrage ETF

CERTIFICATION

I, Jonathon Hickey, on behalf of The Arbitrage Fund (“ARB” in Schedule A), Water Island LevArb Fund, LP (“LEV” in Schedule A), Water Island Diversified Event-Driven Fund (“AED” in Schedule A), Water Island Merger Arbitrage Institutional Comingled Master Fund, LP (“MACO” in Schedule A) and AltShares Merger Arbitrage ETF (“ARBETF” in Schedule A) (collectively, the “Water Island Funds”), hereby certify, as to the claims asserted under the federal securities laws in the Class Action Complaint (the “Complaint”), that:

1. I am the Chief Operating Officer of Water Island Capital, LLC, the investment manager for each of the Water Island Funds, and have authority to execute this certification on behalf of the Water Island Funds. I have reviewed the Complaint to be filed in this action and have authorized its filing by counsel.

2. The Water Island Funds did not acquire any of the securities that are the subject of this action at the direction of their counsel or in order to participate in this or any other litigation under the securities laws of the United States.

3. The Water Island Funds are willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.

4. The Water Island Funds have made no transactions during the class period in the debt or equity securities that are the subject of the action except those set forth in Schedule A.

5. The Water Island Funds have not, within the three years preceding the date of this certification, sought to serve or served as a representative party on behalf of a class in an action involving alleged violations of the federal securities laws, except: (i) *In re Pattern Energy Group Inc. Securities Litigation*, No. 20-cv-275-MN (D. Del) (The Arbitrage Fund, Water Island LevArb Fund, LP, Water Island Diversified Event-Driven Fund, Water Island Merger and Arbitrage Institutional Comingled Master Fund, LP); (ii) *The Arbitrage Event-Driven Fund, et al., v. Tribune Media Company, et al.*, No. 18-cv-06175 (CPK) (N.D. Ill.) (The Arbitrage Fund and Water Island Merger Arbitrage Institutional Comingled Fund, LP); (iii) *In re Columbia Pipeline Group, Inc. Securities Litigation*, No 18-cv-03670-GBD (S.D.N.Y) (The Arbitrage Fund); and (iv) *San Antonio Fire and Pension Fund et al. v. Dole Food Company, Inc.*, No. 1:15-cv-01140 (D. Del.) (The Arbitrage Fund).

6. The Water Island Funds will not accept any payment for serving as a representative party on behalf of the class beyond their *pro rata* share of any recovery, except reasonable costs and expenses directly related to the class representation, as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 10th day of June 2020



By: Jonathon Hickey
Chief Operating Officer, Water Island
Capital, LLC, investment manager to the
Water Island Funds

Schedule A to Certification

Water Island Funds

Relevant Period: February 6, 2020 - May 15, 2020

ForeScout Technologies Inc. Common Stock (CUSIP: 34553D101)

Fund	Transaction	Date	Price	Shares	Total
AED	Purchase	2/6/2020	\$ 33.39	19,596	\$ 654,318.28
AED	Purchase	2/6/2020	\$ 33.44	19,597	\$ 655,313.88
AED	Purchase	2/7/2020	\$ 33.23	14,437	\$ 479,735.73
AED	Purchase	2/10/2020	\$ 33.13	4,673	\$ 154,825.83
AED	Purchase	2/11/2020	\$ 33.07	7,007	\$ 231,731.30
AED	Purchase	2/18/2020	\$ 32.97	1,084	\$ 35,742.19
AED	Purchase	2/24/2020	\$ 32.92	3,916	\$ 128,924.51
AED	Purchase	2/25/2020	\$ 32.88	3,327	\$ 109,406.07
AED	Purchase	3/5/2020	\$ 32.57	10,625	\$ 346,010.56
AED	Purchase	3/6/2020	\$ 32.11	7,780	\$ 249,813.47
AED	Sale	3/6/2020	\$ 32.00	84,262	\$ 2,696,384.00
AED	Purchase	3/12/2020	\$ 30.05	2,727	\$ 81,933.80
AED	Purchase	3/13/2020	\$ 30.53	268	\$ 8,181.69
AED	Purchase	3/17/2020	\$ 24.50	2,170	\$ 53,160.88
AED	Purchase	3/23/2020	\$ 28.55	3,764	\$ 107,472.74
AED	Purchase	3/24/2020	\$ 29.91	4,376	\$ 130,902.79
AED	Purchase	3/25/2020	\$ 30.64	32,397	\$ 992,708.87
AED	Purchase	3/26/2020	\$ 31.02	1,200	\$ 37,227.00
AED	Purchase	3/30/2020	\$ 31.15	5,350	\$ 166,677.12
AED	Purchase	3/31/2020	\$ 31.15	108	\$ 3,364.63
AED	Purchase	4/1/2020	\$ 30.45	1,231	\$ 37,484.31
AED	Purchase	4/9/2020	\$ 32.02	84,262	\$ 2,698,170.36
AED	Purchase	4/23/2020	\$ 32.54	90	\$ 2,928.29
AED	Purchase	4/23/2020	\$ 32.11	12,583	\$ 404,051.46
AED	Sale	4/23/2020	\$ 32.25	28,887	\$ 931,657.37
AED	Purchase	4/24/2020	\$ 31.83	1,042	\$ 33,166.55
AED	Sale	4/28/2020	\$ 32.01	13,383	\$ 428,425.86
AED	Purchase	4/30/2020	\$ 31.52	521	\$ 16,420.51
AED	Sale	5/6/2020	\$ 32.15	14,638	\$ 470,582.28
AED	Sale	5/7/2020	\$ 32.20	3,625	\$ 116,731.11
AED	Sale	5/8/2020	\$ 32.19	6,116	\$ 196,900.27
AED	Sale	5/8/2020	\$ 32.18	3,058	\$ 98,407.93
AED	Sale	5/8/2020	\$ 32.20	9,183	\$ 295,708.09
AED	Sale	5/8/2020	\$ 32.20	14,176	\$ 456,440.09
AED	Sale	5/8/2020	\$ 32.19	1,835	\$ 59,067.34
AED	Sale	5/11/2020	\$ 32.19	3,160	\$ 101,714.04
AED	Sale	5/11/2020	\$ 32.17	5,838	\$ 187,783.89
AED	Sale	5/11/2020	\$ 32.12	8,719	\$ 280,066.40
AED	Sale	5/11/2020	\$ 32.13	3,115	\$ 100,082.74
AED	Sale	5/11/2020	\$ 31.44	3,200	\$ 100,608.02
AED	Sale	5/12/2020	\$ 30.65	29,416	\$ 901,709.89
AED	Sale	5/13/2020	\$ 30.61	11,520	\$ 352,618.25
ARB	Purchase	2/6/2020	\$ 33.39	121,709	\$ 4,063,912.19
ARB	Purchase	2/6/2020	\$ 33.44	121,709	\$ 4,069,888.11
ARB	Purchase	2/7/2020	\$ 33.23	89,759	\$ 2,982,655.67

Schedule A to Certification

Water Island Funds

Relevant Period: February 6, 2020 - May 15, 2020

ForeScout Technologies Inc. Common Stock (CUSIP: 34553D101)

Fund	Transaction	Date	Price	Shares	Total
ARB	Purchase	2/10/2020	\$ 33.13	28,855	\$ 956,023.86
ARB	Purchase	2/11/2020	\$ 33.07	43,059	\$ 1,424,021.42
ARB	Purchase	2/18/2020	\$ 32.97	4,515	\$ 148,870.84
ARB	Purchase	2/24/2020	\$ 32.92	26,091	\$ 858,980.94
ARB	Purchase	2/25/2020	\$ 32.88	21,589	\$ 709,939.16
ARB	Purchase	2/27/2020	\$ 32.68	319,228	\$ 10,432,817.96
ARB	Purchase	2/28/2020	\$ 32.38	71,943	\$ 2,329,564.70
ARB	Purchase	2/28/2020	\$ 32.17	2,584	\$ 83,135.29
ARB	Purchase	2/28/2020	\$ 32.31	444	\$ 14,344.75
ARB	Purchase	3/4/2020	\$ 32.61	61,977	\$ 2,020,871.64
ARB	Purchase	3/5/2020	\$ 32.57	135,136	\$ 4,400,798.44
ARB	Purchase	3/6/2020	\$ 32.11	101,805	\$ 3,268,928.01
ARB	Purchase	3/12/2020	\$ 30.05	12,998	\$ 390,530.11
ARB	Purchase	3/13/2020	\$ 30.53	1,963	\$ 59,927.84
ARB	Purchase	3/16/2020	\$ 27.25	30,635	\$ 834,681.20
ARB	Purchase	3/17/2020	\$ 24.50	9,655	\$ 236,529.16
ARB	Purchase	3/18/2020	\$ 23.11	47,656	\$ 1,101,387.35
ARB	Purchase	3/19/2020	\$ 22.71	10,431	\$ 236,854.63
ARB	Purchase	3/20/2020	\$ 27.26	19,305	\$ 526,184.80
ARB	Purchase	3/24/2020	\$ 29.91	15,753	\$ 471,232.09
ARB	Purchase	3/25/2020	\$ 29.96	14,456	\$ 433,036.71
ARB	Purchase	3/30/2020	\$ 31.15	11,652	\$ 363,013.40
ARB	Purchase	3/31/2020	\$ 31.15	9,917	\$ 308,954.22
ARB	Purchase	4/1/2020	\$ 30.45	10,373	\$ 315,860.96
ARB	Purchase	4/2/2020	\$ 30.86	10,255	\$ 316,419.05
ARB	Purchase	4/3/2020	\$ 31.31	15,162	\$ 474,646.41
ARB	Purchase	4/6/2020	\$ 31.91	10,404	\$ 331,980.20
ARB	Purchase	4/7/2020	\$ 32.01	9,602	\$ 307,365.79
ARB	Purchase	4/8/2020	\$ 32.03	9,588	\$ 307,056.66
ARB	Purchase	4/9/2020	\$ 31.98	10,455	\$ 334,369.72
ARB	Purchase	4/13/2020	\$ 31.93	10,474	\$ 334,393.98
ARB	Purchase	4/14/2020	\$ 31.96	10,508	\$ 335,887.17
ARB	Purchase	4/15/2020	\$ 32.06	9,687	\$ 310,584.60
ARB	Purchase	4/16/2020	\$ 32.22	9,665	\$ 311,366.68
ARB	Purchase	4/17/2020	\$ 32.41	10,607	\$ 343,797.27
ARB	Purchase	4/20/2020	\$ 32.53	9,702	\$ 315,591.51
ARB	Purchase	4/21/2020	\$ 32.38	9,813	\$ 317,791.06
ARB	Purchase	4/22/2020	\$ 32.55	10,756	\$ 350,121.78
ARB	Purchase	4/23/2020	\$ 32.54	2,019	\$ 65,691.19
ARB	Purchase	4/23/2020	\$ 32.11	159,612	\$ 5,125,284.98
ARB	Sale	4/23/2020	\$ 32.25	301,550	\$ 9,725,526.30
ARB	Purchase	4/24/2020	\$ 31.83	13,218	\$ 420,724.98
ARB	Sale	4/28/2020	\$ 32.01	150,562	\$ 4,819,894.96
ARB	Purchase	4/30/2020	\$ 31.52	6,609	\$ 208,297.83
ARB	Sale	5/6/2020	\$ 32.15	149,787	\$ 4,815,350.86
ARB	Sale	5/7/2020	\$ 32.20	38,323	\$ 1,234,065.29
ARB	Sale	5/8/2020	\$ 32.19	63,072	\$ 2,030,558.14
ARB	Sale	5/8/2020	\$ 32.18	31,536	\$ 1,014,843.88

Schedule A to Certification

Water Island Funds

Relevant Period: February 6, 2020 - May 15, 2020

ForeScout Technologies Inc. Common Stock (CUSIP: 34553D101)

Fund	Transaction	Date	Price	Shares	Total
ARB	Sale	5/8/2020	\$ 32.20	94,692	\$ 3,049,242.25
ARB	Sale	5/8/2020	\$ 32.20	144,421	\$ 4,650,080.10
ARB	Sale	5/8/2020	\$ 32.19	20,686	\$ 665,867.61
ARB	Sale	5/11/2020	\$ 32.19	32,353	\$ 1,041,377.99
ARB	Sale	5/11/2020	\$ 32.17	59,763	\$ 1,922,324.04
ARB	Sale	5/11/2020	\$ 32.12	89,253	\$ 2,866,930.41
ARB	Sale	5/11/2020	\$ 32.13	35,396	\$ 1,137,248.33
ARB	Sale	5/11/2020	\$ 31.44	33,489	\$ 1,052,894.32
ARB	Sale	5/12/2020	\$ 30.65	307,792	\$ 9,434,970.50
ARB	Sale	5/13/2020	\$ 30.61	120,658	\$ 3,693,247.66
ARBETF	Purchase	5/6/2020	\$ 32.10	4,082	\$ 131,032.20
ARBETF	Purchase	5/11/2020	\$ 32.10	624	\$ 20,031.02
ARBETF	Purchase	5/14/2020	\$ 29.89	2,355	\$ 70,390.95
LEV	Purchase	3/4/2020	\$ 32.56	2,885	\$ 93,922.04
LEV	Purchase	3/5/2020	\$ 32.51	7,220	\$ 234,747.47
LEV	Purchase	3/26/2020	\$ 31.50	2,000	\$ 63,009.00
LEV	Purchase	3/27/2020	\$ 31.13	1,000	\$ 31,128.00
LEV	Purchase	4/23/2020	\$ 32.18	2,000	\$ 64,350.00
LEV	Purchase	4/24/2020	\$ 31.97	1,000	\$ 31,968.00
LEV	Purchase	4/27/2020	\$ 31.98	1,000	\$ 31,981.00
LEV	Purchase	4/28/2020	\$ 32.06	1,000	\$ 32,060.00
LEV	Purchase	4/29/2020	\$ 32.08	1,000	\$ 32,076.00
LEV	Sale	5/6/2020	\$ 32.10	3,105	\$ 99,663.64
LEV	Sale	5/13/2020	\$ 30.90	2,100	\$ 64,893.40
LEV	Sale	5/14/2020	\$ 30.84	100	\$ 3,083.83
MACO	Purchase	2/6/2020	\$ 33.39	9,002	\$ 300,580.38
MACO	Purchase	2/6/2020	\$ 33.44	9,001	\$ 300,988.94
MACO	Purchase	2/7/2020	\$ 33.23	6,815	\$ 226,459.73
MACO	Purchase	2/10/2020	\$ 33.13	2,161	\$ 71,598.25
MACO	Purchase	2/11/2020	\$ 33.07	3,210	\$ 106,159.20
MACO	Purchase	2/18/2020	\$ 32.97	432	\$ 14,244.12
MACO	Purchase	2/24/2020	\$ 32.92	1,906	\$ 62,750.28
MACO	Purchase	2/25/2020	\$ 32.88	1,618	\$ 53,206.79
MACO	Purchase	2/27/2020	\$ 32.68	23,900	\$ 781,085.46
MACO	Purchase	2/28/2020	\$ 32.38	5,385	\$ 174,370.07
MACO	Purchase	2/28/2020	\$ 32.17	193	\$ 6,209.41
MACO	Purchase	2/28/2020	\$ 32.31	38	\$ 1,227.70
MACO	Purchase	3/4/2020	\$ 32.61	4,872	\$ 158,860.33
MACO	Purchase	3/5/2020	\$ 32.57	10,168	\$ 331,128.04

Schedule A to Certification

Water Island Funds

Relevant Period: February 6, 2020 - May 15, 2020

ForeScout Technologies Inc. Common Stock (CUSIP: 34553D101)

Fund	Transaction	Date	Price	Shares	Total
MACO	Purchase	3/6/2020	\$ 32.11	7,546	\$ 242,299.79
MACO	Purchase	3/12/2020	\$ 30.05	2,917	\$ 87,642.42
MACO	Purchase	3/13/2020	\$ 30.53	359	\$ 10,959.79
MACO	Purchase	3/16/2020	\$ 27.25	2,520	\$ 68,659.92
MACO	Purchase	3/17/2020	\$ 24.50	1,526	\$ 37,384.10
MACO	Purchase	3/18/2020	\$ 23.11	4,276	\$ 98,823.49
MACO	Purchase	3/19/2020	\$ 22.71	1,441	\$ 32,720.51
MACO	Purchase	3/20/2020	\$ 27.26	1,869	\$ 50,942.22
MACO	Purchase	3/24/2020	\$ 29.91	1,426	\$ 42,657.07
MACO	Purchase	3/25/2020	\$ 29.96	1,695	\$ 50,774.57
MACO	Purchase	3/30/2020	\$ 31.15	729	\$ 22,711.71
MACO	Purchase	3/31/2020	\$ 31.15	514	\$ 16,013.16
MACO	Purchase	4/2/2020	\$ 30.86	850	\$ 26,226.84
MACO	Purchase	4/3/2020	\$ 31.31	1,365	\$ 42,731.33
MACO	Purchase	4/6/2020	\$ 31.91	1,050	\$ 33,504.35
MACO	Purchase	4/7/2020	\$ 32.01	908	\$ 29,065.62
MACO	Purchase	4/8/2020	\$ 32.03	942	\$ 30,167.64
MACO	Purchase	4/9/2020	\$ 31.98	1,662	\$ 53,153.76
MACO	Purchase	4/13/2020	\$ 31.93	1,011	\$ 32,277.28
MACO	Purchase	4/14/2020	\$ 31.96	972	\$ 31,069.88
MACO	Purchase	4/15/2020	\$ 32.06	857	\$ 27,477.14
MACO	Purchase	4/16/2020	\$ 32.22	876	\$ 28,221.13
MACO	Purchase	4/17/2020	\$ 32.41	1,237	\$ 40,094.02
MACO	Purchase	4/20/2020	\$ 32.53	4,045	\$ 131,577.78
MACO	Purchase	4/21/2020	\$ 32.38	5,242	\$ 169,760.60
MACO	Purchase	4/22/2020	\$ 32.55	787	\$ 25,617.88
MACO	Purchase	4/23/2020	\$ 32.54	434	\$ 14,120.84
MACO	Purchase	4/23/2020	\$ 32.11	13,655	\$ 438,474.34
MACO	Sale	4/23/2020	\$ 32.25	25,747	\$ 830,386.76
MACO	Purchase	4/24/2020	\$ 31.83	1,131	\$ 35,999.39
MACO	Sale	4/28/2020	\$ 32.01	12,719	\$ 407,169.43
MACO	Purchase	4/30/2020	\$ 31.52	565	\$ 17,807.28
MACO	Sale	5/6/2020	\$ 32.15	12,831	\$ 412,490.85
MACO	Sale	5/7/2020	\$ 32.20	3,234	\$ 104,140.27
MACO	Sale	5/8/2020	\$ 32.19	5,417	\$ 174,396.46
MACO	Sale	5/8/2020	\$ 32.18	2,708	\$ 87,144.76
MACO	Sale	5/8/2020	\$ 32.20	8,132	\$ 261,864.13
MACO	Sale	5/8/2020	\$ 32.20	12,554	\$ 404,214.79
MACO	Sale	5/8/2020	\$ 32.19	1,625	\$ 52,307.59
MACO	Sale	5/11/2020	\$ 32.19	2,808	\$ 90,383.87
MACO	Sale	5/11/2020	\$ 32.17	5,187	\$ 166,843.94
MACO	Sale	5/11/2020	\$ 32.12	7,746	\$ 248,812.29
MACO	Sale	5/11/2020	\$ 32.13	2,765	\$ 88,837.49
MACO	Sale	5/11/2020	\$ 31.44	2,874	\$ 90,358.58
MACO	Sale	5/12/2020	\$ 30.65	26,394	\$ 809,074.34
MACO	Sale	5/13/2020	\$ 30.61	10,367	\$ 317,325.82