



## Pamela J. Naughton

Partner

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### PRACTICE AREAS

- Litigation
- White Collar and Civil Fraud Defense
- Government Contracts & Regulated Industries

### INDUSTRIES

- Healthcare
- Life Sciences

### OVERVIEW

Pamela Naughton is a partner in the White Collar and Civil Fraud Defense Practice Group in the firm's Del Mar Heights office.

### Areas of Practice

Ms. Naughton specializes in internal investigations, complex business litigation, government investigations, and white-collar defense. She has extensive experience in complex civil, criminal and administrative cases involving accounting and securities fraud, health care, consumer fraud, class actions, tax fraud, government investigations, breach of contract and business torts.

### EDUCATION

- J.D., Yale Law School, 1979
- B.A., St. Olaf College, 1976, *summa cum laude*

### ADMISSIONS

- California
- Washington D.C.
- Minnesota
- Ninth Circuit Court of Appeals
- Tax Court

### EXPERIENCE

Ms. Naughton has twenty-eight years' experience as a trial attorney where she has represented corporations, officers and professionals in complex civil, criminal and administrative cases. As first chair, she has tried over thirty jury trials in Federal and State Court.

### Government Experience

In 1987, Ms. Naughton was the only woman counsel to the United States House of Representatives Select Committee to investigate covert arms transactions with Iran where she conducted more than 25 depositions, including those of Attorney General Edwin Meese, former National Security Advisor Robert McFarlane, and former Presidential Chief of Staff, Donald Regan. She interviewed over 50 people, including Adnan Khashoggi, and reviewed thousands of pages of classified documents and drafted four chapters of the Committee Report.

Ms. Naughton also served as counsel to the U.S. House Judiciary Committee 1988-1989 for the impeachment proceedings against Chief Judge Walter Nixon of Mississippi. She examined witnesses at hearings, including Judge Nixon, conducted depositions and interviews, prepared exhibits, reviewed grand jury and other documents, drafted legal memoranda on the history of impeachment and attached legal standards, drafted factual summaries and prepared Members of Congress for the proceedings which culminated in the impeachment of Judge Nixon by the U.S. House of Representatives.

Ms. Naughton was an Assistant United States Attorney in San Diego from 1981 - 1987 where she tried numerous cases involving assault, bank robbery, alien smuggling, theft, false statements, bail jumping and conspiracy. As a prosecutor in the Fraud Unit, she handled many complex cases involving bank fraud, insurance fraud and tax fraud. She also co-tried U.S. v. Player, one of the few murder cases tried in federal court in San Diego which was the first time the Battered Women Syndrome defense was allowed in federal court.

From 1979-1981 she served as an Attorney in the Office of Legislative Affairs at the Main Department of Justice in Washington, D.C.

### **Teaching**

1992 - NITA Depositions  
1990 - Trial Practice Judge, San Diego Inns of Courts  
1985 - Trial Practice, Attorney General's Advocacy Institute

### **Representative Matters in Private Practice**

Represented the former Mayor of San Diego and President of the City Council in a securities investigation by the SEC and as witnesses in criminal federal and state cases. Issues in SEC case involve interpretation of GASB, amortization of retiree benefits, and disclosure of pension underfunding in bond offerings.

Conducted complicated internal investigation of a public research and development company regarding its reported results of clinical studies and scientific data.

Conducted internal investigation of large financial institution's loan modification program.

Represented the President of the funding entities of PinnFund a sub-prime mortgage company, in an enforcement action brought by the SEC for an alleged Ponzi scheme. Over 80 motions filed and over 45 court orders. Losses estimated at \$330 million. Structured complex settlement with SEC and class action litigants.

Represented the former CFO and a board member of a public company sued in an enforcement action by the SEC and sued in seventeen class-action securities fraud lawsuits in New York and California. Negotiated a settlement for less than policy limits and clients paid nothing in the settlement.

Represented a medical practice group subjected to a government investigation for alleged billing improprieties and under-reporting of income. Lead trial lawyer in a two-month criminal jury trial in federal court. Hung jury. Case later settled and client avoided any incarceration.

Represented Great American Bank's special litigation committee of Board of Directors in

an internal investigation and derivative claim in a class-action securities lawsuit brought by Milberg, Weiss based on loan loss reserves. Drafted and executed extensive plan to investigate plaintiffs' claims. Worked closely with independent Directors on the investigation. Case ultimately settled.

Represented the CFO in twelve separate securities class-action and derivative lawsuits filed in California and Delaware. Issues involved valuations of assets. Case settled for 1/3 the policy limits.

Represented executive of a development company accused by City Attorney of improperly lobbying city officials. Won a highly publicized motion to disqualify the City Attorney and the Court dismissed all charges.

Represented a large defense contractor in class-action RICO securities case brought by Milberg, Weiss. Settled case for relatively small cost to carrier and client.

Represented a defense contractor indicted for securities fraud and subjected to debarment. After conducting a complicated investigation, convinced federal prosecutor to dismiss the indictment prior to motions being filed. Persuaded DOD not to debar the contractor. Also defended the contractor in a class-action securities fraud lawsuit which ultimately settled at nominal costs.

Represented a privately held company sued in the class action securities case against Homestore.com and AOL. Won full dismissal from federal district court. Appeal was dismissed.

Represented a publicly-traded medical management company in a RICO "whistleblower" lawsuit regarding billing practices. Filed an aggressive countersuit in state court against the whistleblower. The company was thereafter dismissed from the federal action by the U.S. Attorney and the state action was settled with a mutual "walk-away." The company's stock was therefore not affected and there was no debarment proceeding.

Represented executive in a stock options backdating internal investigation.

Represented a national title insurance company in a class-action 17200 case also alleging violations of the Consumer Legal Remedies Act. After five years of litigation, appeals and discovery, we successfully obtained a dismissal on motion for judgment on the pleadings and for summary judgment.

Represented an attorney sued in a hugely complex RICO securities case. We amassed a great deal of evidence in the attorney's favor and persuaded prosecutor to remove the client's name from the proposed indictment. (Nine other lawyers were indicted and five were convicted after trial.) Served as lead counsel in the parallel civil RICO lawsuit and was first to settle with funds from the insurance carrier within policy limits. Successfully defended the attorney before the state bar where he continues to practice law.

Represented a firm selling securities during a search executed by the FTC and sued in both civil and criminal actions.

Represented in an SEC investigation, an Internet company which published profiles of public companies for investment purposes.

Represented in an SEC investigation a company which manufactured ATM and vending

machines.

Represented an international securities brokerage firm regarding dispute with NASD on net capital violations.

Represented a plaintiff in an NASD Arbitration involving "churning" and unauthorized and unsuitable trading by the broker. Case settled after five days of hearings for over twice the amount of client's out-of-pocket losses.

Represented board members of publicly held corporation in state securities fraud case.

Participated in representing large telecommunications company in a class action lawsuit regarding stock options and alleging violations of Section 17200 and common law fraud brought by large group of former employees. Won a defense ruling on demurrer and class action was dismissed.

Represented a development company victimized by embezzlement of over \$1.5 million.

Represented a bank which has been victimized by over \$1 million worth of credit card fraud by over ten companies. Drafted a civil RICO lawsuit against the perpetrators of the fraud. Negotiated with the insurance carrier for coverage and pursued a criminal investigation.

Represented plaintiff in complex fraud action against issuers of over \$1.3 billion of Bearer Notes.

Represented a national computer research firm against several former employees who defrauded company.

Represented a large demolition company in two separate accidents investigated by federal, state and local agencies. Avoided criminal prosecution and settled civil case.

Represented stock brokerage firm in government investigation of securities fraud in Washington, D.C.

Represented the CFO of a manufacturing company undergoing IRS examination. Avoided criminal prosecution.

Represented general counsel for high-tech company who was held in contempt by a federal judge and referred to the U.S. Attorneys' office for prosecution. After conducting an investigation and depositions, persuaded the prosecutor not to press charges. Convinced judge to withdraw the contempt citation against the counsel.

Represented a publicly-traded company whose executives had been subjected to threats and public disparagement on Internet bulletin boards. Persuaded the FBI to locate the culprit and stop the threatening and defamatory emails.

Represented the director of facilities for a defense contractor in a DOD hearing to appeal the denial of a security clearance.

Represented a high technology company in a Customs investigation. Customs declined prosecution.

Represented employees of a computer chip manufacturer in an anti-dumping investigation by US Customs.

Represented an employee in a U.S. Customs investigation and private lawsuits against a high-technology company which supplies encryptic devices to satellite TV companies. Client was never charged.

Represented a South American manufacturing client regarding accounts seized by the U.S. government. Negotiated a successful settlement.

Represented a manufacturing and Maquiladora client being investigated for bankruptcy fraud. Client was never charged.

Represented a computer exporter in Customs investigation. All allegations were dismissed after convincing Customs that computers did not fall into "banned" products category.

Represented an agriculture client accused by U.S. Customs of mislabeling country of origin.

Represented a government contractor as a witness in a bribery investigation by the Antitrust Division of the U.S. Department of Justice.

Jury trial representing a grain company and hay broker alleging breach of contract against a joint venture partner.

Jury trial representing a defendant-manufacturer of plumbing parts against claims of breach of contract and "Buy America Act." After two weeks of trial, court granted our motion for non-suit. Case dismissed.

Represented chain of music stores in various consumer and landlord disputes.

Represented a television station in numerous lawsuits and in stock purchase transactions.

Represented a sporting goods store in administrative action by the city to revoke its license. After presenting evidence in defense of the client, the city dropped its revocation action and settled the matter.

Represented a mortgage brokerage in a grand jury investigation alleging fraudulent kickbacks. Convinced prosecutor not to charge client and dismiss the investigation against him.

Represented a jewelry store in a 17200 investigation by the District Attorney. After our presentation, the District Attorney decided not to prosecute.

### **Environmental**

Defended large corporation in Prop. 65 class action alleging contamination of soil from operation and removal of its large manufacturing facility next to the airport. Settled case on very favorable terms.

Represented a large Maquiladora company in Mexico which was indicted for transporting allegedly hazardous waste across the border into the United States. Convinced the

prosecutor to dismiss the criminal action. The company paid a minimal civil fine and the matter was closed.

Represented a local defense contractor accused by prosecutors of dumping welding tailings into the bay. Convinced the prosecutor that a different company was engaged in the dumping. Case dismissed.

Represented a marine institute curator accused by prosecutors of encouraging fisherman to bring illegal fish from Mexico. Presented the results of the thorough investigation to the prosecutor who agreed to abandon the investigation.

Represented a foreign manufacturer of adhesive tape in several Prop. 65 lawsuits alleging the adhesive was toxic.

Represented a company contracted to dispose of ordnance from an EPA site. Dismissal of civil case brought against it.

### **Employment**

Represented employees of a large university accused of sex discrimination and Title IX violations. Obtained a dismissal of the employees.

Represented a female rabbi before the Rabbinical Ethics Council.

Represented large corporation in a TRO regarding union's attempt to derail a strategic acquisition.

### **Healthcare**

Representing medical software company who was victimized in a \$1.5 million embezzlement. Filed and litigated civil case and instigated criminal prosecution.

Represented a large medical services provider in a dispute involving granting privileges to a physician.

Represented an assisted living facility in an administrative investigation of the death of a resident.

Represented a large health care provider of dialysis services in an arbitration alleging breach of contract against a large university medical center.

Represented a large biotech research institute against an unsuccessful license bidder who was threatening legal and political repercussions. Using federal criminal statutes against blackmail, we blocked any threat to the client's intellectual property and the accusers dropped all claims.

Represented a major medical device manufacturer whose facility in Mexico was harassed by a landlord with links to organized crime. Civil and criminal actions were initiated in Mexico by the landlord against the company and its executives. Devised a strategy to attack the landlord in the U.S. – including obtaining an injunction against him preventing any threats of physical violence. Filed an objection with the FCC to prevent the landlord from receiving radio licenses he held in the U.S. Prepared a RICO lawsuit and then settled

all the matters – north and south of the border – on favorable terms to the client.

Represented a large medical equipment purchasing company which purchases on behalf of over one-third of all U.S. hospitals. Rendered advice on anti-fraud, anti-kickback, insurance and litigation matters.

Represented a biotech firm whose trade secrets were stolen and used by a member of the board of directors who formed his own company. Worked with federal prosecutors to investigate and criminally charge the violators.

Represented directors of a medical device company in litigation with the company's receiver.

Represented a physician subpoenaed by the U.S. Attorney in connection with an anti-kickback investigation.

Providing litigation strategy advice to large medical health plans regarding Medi-Cal rate reductions.

### **Product Liability and Personal Injury**

National Trial Counsel for four years for major medical device manufacturer of breast implants. Co-tried a two-month jury trial of the seminal case in California and won total defense verdict. Leader of national team on punitive damages defenses.

Trial Counsel for international manufacturer of PVC plumbing pipes and fittings. Won defense verdicts in all cases.

Won dismissal for Australian meatpacking client in e-coli outbreak cases.

Represented food manufacturer/distributor in e-coli and mislabeling matters.

Represented the bankruptcy trustee of a nightclub at which fatal shooting occurred. Nightclub's carrier abandoned its insured, and we won \$1.5 million "bad faith" judgment. A collection action was filed against the Philippine insurance company.

Represented a national nutrition company in class-action lawsuit filed by vegetarians alleging false advertising and Section 17200 violations. Successfully fought certification of the class and the case settled for nominal sum.

Represented a production company regarding an alleged assault on the set of a popular television show. Cooperated in criminal investigation and settled within policy limits in the civil case.

### **Real Estate**

Represented a church in a Civil Rights lawsuit under Section 1983 alleging violations of First Amendment Rights by the City Planning Commission. Case settled on favorable terms for the client.

Represented large defense contractor in lawsuit brought by a developer with whom a Letter of Intent was signed to develop its Kearney Mesa property. Damages of over \$50

million claimed. Motion to dismiss was granted by the U.S. District Court. Sustained by Ninth Circuit on appeal.

Represented mortgage-holder of golf course/hotel resort and residential property in a bankruptcy proceeding challenging confirmation of debtor's plan of reorganization. After trial over five months, the court held in client's favor. Client foreclosed and sold the property and realized a profit of over \$20 million.

Represented "hard-money" lender in lender liability lawsuit involving properties with numerous encumbrances. Case settled the day trial began.

Represented two related companies engaged in homebuilding in Las Vegas, Nevada who were being sued by a minority shareholder. The companies were put into receivership and the case was ultimately settled.

Representing a national hotel chain in a Civil Rights and takings case against a City challenging its licensing regulations.

Represented a title insurance company which insured a buyer defrauded by a seller who had conveyed title on a mortgaged property to a third person. Pursued the perpetrator of the fraud to Canada and instituted actions against him there. Eventually the title company was reimbursed in full.

### **Advice and Counseling**

Advised numerous international companies on compliance programs in the areas of money laundering, defense industry and medical provider compliance programs.

Advised multi-structured corporations on insulating themselves against punitive damages.

### **HONORS**

- "AV" rating from Martindale-Hubbell
- Named Top Ten Attorney 2006 and 2007 by peer vote as published by *San Diego Transcript*
- Named Top Attorney in Business Litigation in California by the Corporate Counsel 2008 Edition of Super Lawyers
- San Diego Super Lawyer, 2007, 2008, 2009

### **MEMBERSHIPS**

- Former President, San Diego Chapter of the Federal Bar Association
- Barrister, William B. Enright Chapter of the American Inns Court
- Lawyer-Delegate, Ninth Circuit Judicial Conference
- Served on the Judicial Evaluation Committee of the San Diego County Bar Association

### **ARTICLES**

- Capital Purchase Program - Publicly Traded Financial Institutions, November 20, 2008
- When the Government Knocks, *Biz San Diego*, September 10, 2008
- New Corporate Reform Law, August 4, 2002

- Co-author of monograph entitled, "The Reality of Punitive Damages," published in 1995. Suggests strategies for avoiding and limiting punitive damages.
- Co-author, ERA: May a State Change It's Vote?, published in 1978 by Wayne State University Press. Studies the "political question doctrine" as it relates to the issue of whether a state can rescind its prior ratification of a constitutional amendment.

**Financial Institution Law Blog Articles**

- "Capital Purchase Program - Publicly Traded Financial Institutions", November 21, 2008

**SPEECHES**

- Regular Commentator on MSNBC and KFMB-TV (1998-2002)