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Top 100 Lawyers AND DISTINGUISHED COUNSEL



DAVID KNOTTS

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SECURITIES & CORPORATE TAKEOVER LITIGATION

SAN DIEGO

David Knotts spent months building a case around emails he could not read. Walgreens Boots Alliance and its executives had redacted more than 17,000 documents, roughly 20% of their production, on grounds of privilege. *Chabot v. Walgreens Boots Alliance*, 1:18-cv-02118 (M.D. Pa., filed Nov. 2, 2018).

Knotts and his team suspected the redactions hid the evidence at the center of the case: what Walgreens executives knew about the FTC's antitrust review of Rite Aid's merger with Walgreens. "It's tough to prove a case to a jury only with a series of blacked-out emails," Knotts said. A motion to compel changed that. The court found Walgreens waived privilege and ordered that "Defendants shall produce and unredact all documents containing information or analysis regarding the status of the FTC review process," Knotts continued. The unredacted record led the court to deny summary judgment and send the case to trial.

The Chabot litigation traced back to three corporate transactions spanning 2013 through 2020, and Knotts' team built a discovery plan in phases rather than requesting the full record at once. In August 2025, Rite Aid investors began receiving distributions from a $192.5 million settlement — paid not by Rite Aid, which entered a second bankruptcy that May and closed stores nationwide, including in California, but by Walgreens and certain of its executives. ISS Securities Class Action Services later reported the settlement as the third-largest class action disbursement of 2025 nationwide.

"This is the largest (and only) securities recovery paid by one company to the shareholders of a different company over misrepresentations regarding an antitrust merger review," Knotts said.

Knotts' team recovered money for shareholders in *Murray v. EarthLink Holdings Corp.* as well, where former EarthLink stockholders secured $85 million in a case challenging EarthLink's merger with Windstream.

The settlement, approved in 2025 by the Eastern District of Arkansas on the eve of a three-week jury trial, followed an attempt by EarthLink and Windstream — both of which filed for Chapter 11 during the litigation — to release the securities claims through bankruptcy court. *Murray v. EarthLink Holdings Corp.*, 4:18-cv-00202 (E.D. Ark., filed March 19, 2018).

Knotts hired bankruptcy counsel and appeared in Windstream's proceeding to preserve the claims for the class. "EarthLink stockholders at the time of the merger ultimately received nothing from Windstream's bankruptcy, but they received $85 million in connection with this litigation," Knotts said.

Delaware's Senate Bill 21 has become a recurring topic for Knotts' clients, who ask what the amendment means for corporate governance litigation and breach of fiduciary duty claims. "I do think that even under these revised laws, a legitimate corporate fraud should pierce through the 'safe harbors' of any reasonably drafted corporate governance statute," Knotts said. "If corporate governance statutes are amended such that fraud is immunized, then I think the investing public has a real problem, but we're just not there yet — in most jurisdictions, at least."

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