

Securities MVPs: Gibson Dunn's Thad Davis & Michael Wong

By **Jamie Santo**



Law360, New York (November 19, 2014, 7:46 PM ET) -- Gibson Dunn partners Thad Davis and Michael Li-Ming Wong topped federal prosecutors aiming to convict a China North East Petroleum Holdings Ltd. executive on criminal fraud charges, earning them a place on Law360's list of Securities MVPs.

Wong and Davis led the Gibson Dunn team against a U.S. Department of Justice determined to bring all its resources to bear, seamlessly spearheading the CNEP executive's defense through the six-week jury trial.

The U.S. Securities and Exchange Commission initiated enforcement against Chao Jiang — former vice president of corporate finance for CNEP, a Chinese company that once traded on the New York Stock Exchange — alleging securities fraud relating to \$32 million in capital offerings. The DOJ joined the fray with a criminal indictment in May 2013, leveling four counts of securities fraud plus charges for alleged conspiracy and false statements.

The DOJ case played out in D.C. federal court, and in April a jury acquitted Jiang on two counts of securities fraud while deadlocking on the rest, with the judge declaring a mistrial.



Michael Li-Ming Wong



Thad Davis

Davis and Wong developed the foundation of their defense long before they stepped into court, however.

“As with a chess match, we start with the endgame and work backwards,” said Wong, co-chair of Gibson Dunn's securities enforcement group. “We didn’t just show up and make untested arguments to a unique jury.”

Instead, Wong and Davis honed their case ahead of time, testing their approach on a series of mock juries designed to mirror the demographics of the D.C. pool.

“The 'rinse and repeat' model was useful,” Davis, co-chair of the firm’s securities litigation group said. “Some themes played better and got refined over repeated tries. Net effect: We basically knew what arguments would be well-received.”

Once in court, the veteran litigators served up their developed one-two punch, with Davis grilling key prosecution witnesses and Wong hammering home the message in closing.

“Thad knocks 'em down, then I kick 'em in the ribs,” Wong said.

Davis and Wong's skill in the courtroom is a handy tool in a securities practice, even in cases that call for other solutions.

“While we enjoy trying a case to verdict, sometimes what's best for a client is to achieve certainty, get the matter behind them and then move on,” Wong said. “And a credible trial threat helps get us there.”

Representing an executive of an East Coast life sciences company subjected to a yearslong securities probe, Wong said the client's ultimate goal was to get the SEC to drop the investigation before it ever got to trial, where allegations would be attached to his name.

After the client received a Wells notice, Davis and Wong landed a closed-door meeting with the regulators and, in front of a packed house of agency brass, successfully demonstrated why a trial “likely would not go well for the SEC,” Wong said.

“We argued the case and previewed some of the themes that we would push at trial,” Wong said.

The SEC closed the investigation late last year without taking enforcement action.

Corporate clients who get caught up in securities litigation are often just looking to return to business as usual. Defending Abaxis Inc. and its board against shareholder derivative suits related to overissued employee stock benefits, Wong and Davis helped negotiate a favorable settlement that allowed the veterinary diagnostics company to do just that.

“There's always a menu of outcomes, from quietly disposing of a case to the endgame of trial,” Davis said. “A legal distraction to a growing life sciences company like Abaxis is a big deal, so a business solution in between was the right outcome.”

On top of the settlement, the pair helped convince the presiding judge in August to slash the plaintiffs' counsel's fee request by 65 percent.

Based in Gibson Dunn's San Francisco office, Wong and Davis handle securities cases of all stripes, appearing in venues from California to Delaware.

“You have to have a bag packed all the time in a national securities practice,” Davis said. “It can be a five-ring circus: SEC, DOJ, shareholder class actions, derivative suits, books and records cases.”

Arguing cases across the country requires local knowledge — being aware of not just local laws and rules, but also your intended audience, Davis said.

“You don't want to talk about Red Sox baseball to an Orioles fan,” Davis said.

The heart of any case is presenting a clear, concise argument that respects the listener's intelligence, Wong said.

“We're both very fond of storytelling and narratives, and we come at it in different ways,” Wong said. “As a trial lawyer it is no different than in my prior career as a news reporter. It's the art of connecting with an audience, telling a story in a persuasive but respectful way.”

As board members of The San Francisco Shakespeare Festival, the pair are well-versed in narratives for other audiences as well. They'll bring both sides of the aisles together in the spring, when they present a symposium on “Shakespeare and the Law.”

Wong and Davis met at Harvard Law School two decades ago and followed different legal paths before joining Gibson Dunn in July 2012.

Working in unison, they developed a model that's proved both successful and enjoyable.

“As we play it, law is a team sport, not an individual sport. It requires playing to each other's strengths, having complementary skills to best serve the client's needs,” Davis said. “It seems at this stage we rarely get a routine assignment, which means, never a dull moment.”

--Editing by Edrienne Su.