

DOUGLAS KEVIN
Form SC 13G
January 27, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No.)***

Cree Inc.
(Name of Issuer)
Common Stock
(Title of Class of Securities)
225447101
(CUSIP Number)

James R. Black
Davis Wright Tremaine
505 Montgomery Street, Suite 800
San Francisco, CA 94111
(415) 276-6508

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

January 20, 2011

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 225447101

1 NAMES OF REPORTING PERSONS
Kevin Douglas

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
United States

5 SOLE VOTING POWER
NUMBER OF -0-

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 5,386,300 (1)

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8 SHARED DISPOSITIVE POWER
WITH: 7,400,000 (1)(2)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
7,400,000 (1)(2)

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.8%(3)

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

(1) Kevin Douglas and his wife, Michelle Douglas, hold jointly as the beneficiaries and co-trustees of the K&M Douglas Trust, 152,600 shares, currently exercisable call options to purchase 1,600,000 shares at \$80 per share and a currently exercisable call option to purchase 1,200,000 shares at \$100 per share. In addition, Kevin Douglas and Michelle Douglas are co-trustees of the James Douglas and Jean Douglas Irrevocable Descendants Trust, which holds 123,700 shares, currently exercisable options to purchase 1,320,000 shares at \$80.00 per share and a currently exercisable option to purchase 990,000 shares at \$100 per share.

(2) Kevin Douglas has dispositive power with respect to 37,500 shares, currently exercisable call options to purchase 400,000 shares at \$80 per share and a currently exercisable call option to purchase 300,000 shares held by James E. Douglas III; and 86,200 shares, currently exercisable call options to purchase 680,000 shares at \$80 per share and a currently exercisable call option to purchase 510,000 shares at \$100 per share held by the Douglas Family Trust in addition to the shares held by the K&M Douglas Trust and by the James Douglas and Jean Douglas Irrevocable Descendants Trust.

(3) Based on 109,369,943 shares of the Issuer's common stock outstanding as of January 12, 2011 as reported on the Issuer's Form 10-Q filed with the Securities and Exchange Commission (the SEC) on January 19, 2011.

CUSIP No. 225447101

1 NAMES OF REPORTING PERSONS

Michelle Douglas

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

United States

SOLE VOTING POWER

5

NUMBER OF -0-

SHARED VOTING POWER

6

SHARES
BENEFICIALLY
OWNED BY

5,386,300 (1)

SOLE DISPOSITIVE POWER

7

EACH
REPORTING
PERSON

-0-

SHARED DISPOSITIVE POWER

8

WITH:

5,386,300 (1)

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

5,386,300 (1)

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

4.9%(2)

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

(1) Kevin Douglas and his wife, Michelle Douglas, hold jointly as the beneficiaries and co-trustees of the K&M Douglas Trust 152,600 shares, currently exercisable call options to purchase 1,600,000 shares at \$80 per share and a currently exercisable call option to purchase 1,200,000 shares at \$100 per share. In addition, Kevin Douglas and Michelle Douglas are co-trustees of the James Douglas and Jean Douglas Irrevocable Descendants Trust, which holds 123,700 shares, currently exercisable options to purchase up to 1,320,000 shares at \$80.00 per share and a currently exercisable option to purchase 990,000 shares at \$100 per share.

(2) Based on 109,369,943 shares of the Issuer's common stock outstanding as of January 12, 2011 as reported on the Issuer's Form 10-Q filed with the SEC on January 19, 2011.

CUSIP No. 225447101

1 NAMES OF REPORTING PERSONS
James E. Douglas, III

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
United States

5 SOLE VOTING POWER
NUMBER OF 737,500

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY -0-

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8 SHARED DISPOSITIVE POWER
WITH: 737,500 (1)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
737,500 (1)

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.7%(2)

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

(1) Kevin Douglas has dispositive power with respect to 37,500 shares, currently exercisable call options to purchase 400,000 shares at \$80 per share and a currently exercisable call option to purchase 300,000 shares at \$100 per share held by James E. Douglas III.

(2) Based on 109,369,943 shares of the Issuer's common stock outstanding as of January 12, 2011 as reported on the Issuer's Form 10-Q filed with the SEC on January 19, 2011.

CUSIP No. 225447101

1 NAMES OF REPORTING PERSONS
K&M Douglas Trust (1)

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
California

5 SOLE VOTING POWER
NUMBER OF -0-

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 2,952,600 (2)

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8 SHARED DISPOSITIVE POWER
WITH: 2,952,600 (2)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,952,600 (2)

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.7%(3)

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

(1) Kevin Douglas and Michelle Douglas, husband and wife, are beneficiaries and co-trustees.

(2) Kevin Douglas and his wife, Michelle Douglas, hold jointly as the beneficiaries and co-trustees of the K&M Douglas Trust 152,600 shares, currently exercisable call options to purchase 1,600,000 shares at \$80 per share and a currently exercisable call option to purchase 1,200,000 shares at \$100 per share.

(3) Based on 109,369,943 shares of the Issuer's common stock outstanding as of January 12, 2011 as reported on the Issuer's Form 10-Q filed with the SEC on January 19, 2011.

CUSIP No. 225447101

1 NAMES OF REPORTING PERSONS
Douglas Family Trust (1)

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
California

5 SOLE VOTING POWER
NUMBER OF 1,276,200

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY -0-

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON -0-

8 SHARED DISPOSITIVE POWER
WITH: 1,276,200 (2)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,276,200 (2)

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.2%(3)

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

(1) James E. Douglas, Jr. and Jean A. Douglas, husband and wife, are co-trustees.

(2) Kevin Douglas has dispositive power with respect to 86,200 shares, currently exercisable call options to purchase 680,000 shares at \$80 per share and a currently exercisable call option to purchase 510,000 shares at \$100 per share held by the Douglas Family Trust.

(3) Based on 109,369,943 shares of the Issuer's common stock outstanding as of January 12, 2011 as reported on the Issuer's Form 10-Q filed with the SEC on January 19, 2011.

CUSIP No. 225447101

1 NAMES OF REPORTING PERSONS
James Douglas and Jean Douglas Irrevocable Descendants Trust (1)

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
California

5 SOLE VOTING POWER
NUMBER OF 2,433,700

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY -0-

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON 2,433,700

8 SHARED DISPOSITIVE POWER
WITH: -0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,433,700

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.2%(2)

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

(1) Kevin Douglas and Michelle Douglas, husband and wife, are co-trustees.

(2) The James Douglas and Jean Douglas Irrevocable Descendants Trust holds 123,700 shares, currently exercisable options to purchase up to 1,320,000 shares at \$80.00 per share and a currently exercisable option to purchase 990,000 shares at \$100 per share.

(3) Based on 109,369,943 shares of the Issuer's common stock outstanding as of January 12, 2011 as reported on the Issuer's Form 10-Q filed with the SEC on January 19, 2011.

Item 1.

- (a) Name of Issuer:
Cree Inc.

- (b) Address of Issuer's Principal Executive Offices:
4600 Silicon Drive
Durham, NC 27703

Item 2.

- (1)(a) NAME OF PERSONS FILING:
Kevin Douglas
Michelle Douglas
James E. Douglas III

- (b) ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE:
125 E. Sir Francis Drake Blvd., Ste 400
Larkspur, CA 94939

- (c) CITIZENSHIP:
United States

- (d) TITLE OF CLASS OF SECURITIES:
Common Stock, par value \$0.00125 per share

- (e) CUSIP NUMBER:
225447101

- (2)(a) NAME OF PERSONS FILING:
K&M Douglas Trust
Douglas Family Trust
James Douglas and Jean Douglas Irrevocable Descendants Trust

- (b) ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE:
125 E. Sir Francis Drake Blvd., Ste 400
Larkspur, CA 94939

- (c) CITIZENSHIP:
California

- (d) TITLE OF CLASS OF SECURITIES:
Common Stock

- (e) CUSIP NUMBER:
225447101

Item 3. If this statement is filed pursuant to Rule 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8)
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with §240.13d-1(b)(1)(ii)(J)

Not Applicable.

Item 4. Ownership

Reference is made as to each of the Reporting Persons hereunder to Rows 5-9 and 11 of each of the cover pages of this Schedule 13G and associated footnotes, which are incorporated by reference herein.

Each of the Reporting Persons hereunder may be deemed a member of a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 (the Exchange Act), or Rule 13d-5 promulgated under the Exchange Act with one or more of the other Reporting Persons hereunder. Although the Reporting Persons are reporting such securities as if they were members of a group, the filing of this Schedule 13G shall not be construed as an admission by any Reporting Person that such Reporting Person is a beneficial owner of any securities other than those directly held by such Reporting Person.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following: o

Item 6. Ownership of More Than Five Percent on Behalf of Another Person

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company

Not applicable.

Item 8. Identification and Classification of Members of the Group

See Item 4 of this Schedule 13G and the Joint Filing Agreement attached hereto as Exhibit A.

Item 9. Notice of Dissolution of Group

Not applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the Issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: January 27, 2011

* Kevin Douglas
Kevin Douglas

Date: January 27, 2011

* Michelle Douglas
Michelle Douglas

Date: January 27, 2011

* James E. Douglas III
James E. Douglas III

K&M Douglas Trust

Date: January 27, 2011

* Kevin Douglas
By: Kevin Douglas
Title: Trustee

Date: January 27, 2011

* Michelle Douglas
By: Michelle Douglas
Title: Trustee

Douglas Family Trust

Date: January 27, 2011

* James E. Douglas, Jr.
By: James E. Douglas, Jr.
Title: Trustee

Date: January 27, 2011

* Jean A. Douglas
By: Jean A. Douglas
Title: Trustee

James Douglas And Jean Douglas
Irrevocable Descendants Trust

Date: January 27, 2011

* Kevin Douglas
By: Kevin Douglas
Title: Trustee

Date: January 27, 2011

* Michelle Douglas

By: Michelle Douglas

Title: Trustee

*By: /s/ Eileen Davis-Wheatman
Eileen Davis-Wheatman
Attorney-in-fact

EXHIBIT A
JOINT FILING AGREEMENT

This Joint Filing Agreement (this Agreement) hereby confirms the agreement by and among all of the undersigned that the Schedule 13G to which this Agreement is attached as Exhibit A with respect to the beneficial ownership of the undersigned of shares Common Stock of Cree Inc. is being filed on behalf of each of the undersigned. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Date: January 27, 2011

* Kevin Douglas
Kevin Douglas

Date: January 27, 2011

* Michelle Douglas
Michelle Douglas

Date: January 27, 2011

* James E. Douglas III
James E. Douglas III

K&M Douglas Trust

Date: January 27, 2011

* Kevin Douglas
By: Kevin Douglas
Title: Trustee

Date: January 27, 2011

* Michelle Douglas
By: Michelle Douglas
Title: Trustee

Douglas Family Trust

Date: January 27, 2011

* James E. Douglas, Jr.
By: James E. Douglas, Jr.
Title: Trustee

Date: January 27, 2011

* Jean A. Douglas
By: Jean A. Douglas
Title: Trustee

James Douglas And Jean Douglas
Irrevocable Descendants Trust

Date: January 27, 2011

* Kevin Douglas

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By: Kevin Douglas
Title: Trustee

Date: January 27, 2011

* Michelle Douglas
By: Michelle Douglas
Title: Trustee

*By: /s/ Eileen Davis-Wheatman
Eileen Davis-Wheatman
Attorney-in-fact

**LIMITED POWER OF ATTORNEY FOR
REPORTING OBLIGATIONS UNDER SECTIONS 13(D) AND 13(G) OF THE SECURITIES
EXCHANGE ACT OF 1934**

The undersigned hereby make, constitute and appoint each of Tim McGaw, Eileen Davis-Wheatman and Kevin Douglas, acting either individually or together, as each of the undersigned's true and lawful attorneys-in-fact, with full power and authority as hereinafter described on behalf of and in the name, place and stead of each of the undersigned to:

- (1) prepare, execute, acknowledge, deliver and file Schedules 13D and 13G (including any amendments thereto) with respect to the securities of **Cree, Inc.**, a corporation formed under the laws of the state of North Carolina (the *Company*), with the U.S. Securities and Exchange Commission, any national securities exchanges and the Company, as considered necessary or advisable under Sections 13(d) or 13(g) of the Securities Exchange Act of 1934 (the *Exchange Act*) and the rules and regulations promulgated thereunder (including, without limitation, Regulation 13D-G);
- (2) seek or obtain, as each of the undersigned's representative and on each of the undersigned's behalf, information on transactions in the Company's securities from any third party, including brokers, employee benefit plan administrators and trustees, in connection with the foregoing, and the undersigned hereby authorizes any such person to release any such information to any of the attorneys-in-fact and approve and ratify any such release of information; and
- (3) perform any and all other acts which in the discretion of such attorney-in-fact are necessary or desirable for and on behalf of the undersigned in connection with the foregoing.

The undersigned acknowledge that:

- (1) this Limited Power of Attorney authorizes, but does not require, each such attorney-in-fact to act in his or her discretion on information provided to such attorney-in-fact without independent verification of such information;
- (2) any documents prepared and/or executed by any such attorney-in-fact on behalf of the undersigned pursuant to this Limited Power of Attorney will be in such form and will contain such information and disclosure as such attorney-in-fact, in his or her discretion, deems necessary or desirable;
- (3) none of such attorneys-in-fact assumes (i) any liability for any responsibility of the undersigned to comply with the requirements of the Exchange Act, or (ii) any liability of the undersigned for any failure to comply with such requirements; and
- (4) this Limited Power of Attorney does not relieve the undersigned from responsibility for compliance with the obligations of the undersigned under the Exchange Act, including without limitation the reporting requirements under Sections 13(d) and 13(g) of the Exchange Act and Regulation 13D-G promulgated thereunder.

The undersigned hereby give and grant each of the foregoing attorneys-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary, appropriate or desirable to be done in and about the foregoing matters as fully to all intents and purposes as the undersigned might or could do if present, hereby ratifying all that each such attorney-in-fact of, for and on behalf of the undersigned, shall lawfully do or cause to be done by virtue of this Limited Power of Attorney.

This Limited Power of Attorney shall remain in full force and effect until the undersigned are no longer required to file Schedules 13D or 13G with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to each such attorney-in-fact.

The undersigned have caused this Limited Power of Attorney to be executed as of this 27th day of January, 2011.

Kevin Douglas

/s/ Kevin Douglas

Michelle Douglas

/s/ Michelle Douglas

James E. Douglas III

/s/ James E. Douglas III

K&M Douglas Trust

/s/ Kevin Douglas

By: Kevin Douglas

Title: Trustee

/s/ Michelle Douglas

By: Michelle Douglas

Title: Trustee

Douglas Family Trust

/s/ James E. Douglas, Jr.

By: James E. Douglas, Jr.

Title: Trustee

/s/ Jean A. Douglas

By: Jean A. Douglas

Title: Trustee

**James Douglas And Jean Douglas
Irrevocable Descendants Trust**

/s/ Kevin Douglas

By: Kevin Douglas

Title: Trustee

/s/ Michelle Douglas

By: Michelle Douglas

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Title: Trustee