

1 Laurence M. Rosen, Esq. (SBN 219683)
2 **THE ROSEN LAW FIRM, P.A.**
3 355 South Grand Avenue, Suite 2450
4 Los Angeles, CA 90071
5 Telephone: (213) 785-2610
6 Facsimile: (213) 226-4684
7 Email: lrosen@rosenlegal.com

8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 _____, Individually and on behalf
12 of all others similarly situated,

13 Plaintiff,

14 v.

15 SNAP INC., EVAN SPIEGEL, DEREK
16 ANDERSEN, JEREMI GORMAN, and
17 REBECCA MORROW,

18 Defendants.

Case No.

19 CLASS ACTION COMPLAINT FOR
20 VIOLATION OF THE FEDERAL
21 SECURITIES LAWS

JURY TRIAL DEMANDED

22 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other
23 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
24 complaint against Defendants (defined below), alleges the following based upon
25 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and
26 belief as to all other matters, based upon, inter alia, the investigation conducted by
27 and through his attorneys, which included, among other things, a review of the
28 Defendants’ public documents, announcements, United States Securities and

1 Exchange Commission (“SEC”) filings, wire and press releases published by and
2 regarding Snap Inc. (“Snap” or the “Company”), and information readily obtainable
3 on the Internet. Plaintiff believes that substantial evidentiary support will exist for
4 the allegations set forth herein after a reasonable opportunity for discovery.

5 **NATURE OF THE ACTION**

6 1. This is a class action on behalf of persons or entities who purchased or
7 otherwise acquired publicly traded Snap securities between July 22, 2020 and
8 October 21, 2021, inclusive (the “Class Period”). Plaintiff seeks to recover
9 compensable damages caused by Defendants’ violations of the federal securities
10 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

11 **JURISDICTION AND VENUE**

12 2. The claims asserted herein arise under and pursuant to §§10(b) and
13 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5
14 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

15 3. This Court has jurisdiction over the subject matter of this action under
16 28 U.S.C. §1331 and §27 of the Exchange Act.

17 4. Venue is proper in this judicial district pursuant to §27 of the Exchange
18 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered
19 and the subsequent damages took place in this judicial district. Further, the
20 Company is headquartered in Los Angeles County.

21 5. In connection with the acts, conduct and other wrongs alleged in this
22 Complaint, Defendants (defined below), directly or indirectly, used the means and
23 instrumentalities of interstate commerce, including but not limited to, the United
24 States mail, interstate telephone communications and the facilities of the national
25 securities exchange.
26
27

1 **PARTIES**

2 6. Plaintiff, as set forth in the accompanying Certification, purchased the
3 Company's securities at artificially inflated prices during the Class Period and was
4 damaged upon the revelation of the alleged corrective disclosure.

5 7. Defendant Snap purports to be a camera company, which offers the
6 social media application Snapchat, an eyewear product that connects with Snapchat
7 and captures video Spectacles, and advertising products including AR (augmented
8 reality) and Snap ads. The Company was formerly known as Snapchat, Inc. and
9 changed its name to Snap Inc. in September 2016.

10 8. Defendant Snap is a Delaware corporation with its principal executive
11 offices located at 3000 31st Street, Santa Monica, CA 90405. Snap's shares trade on
12 the New York Stock Exchange ("NYSE") under the ticker symbol "SNAP."

13 9. Defendant Evan Spiegel ("Spiegel") is a co-founder of Snap and has
14 served as the Company's Chief Executive Officer and as a member of the
15 Company's board of directors since May 2012.

16 10. Defendant Derek Andersen ("Andersen") has served as Snap's Chief
17 Financial Officer since May 2019.

18 11. Defendant Jeremi Gorman ("Gorman") has served as Snap's Chief
19 Business Officer since November 2018.

20 12. Defendant Rebecca Morrow ("Morrow") has served as Snap's Chief
21 Accounting Officer since September 2019.

22 13. Defendants Spiegel, Andersen, Gorman, and Morrow are sometimes
23 referred to herein as the "Individual Defendants."

24 14. The Individual Defendants:

25 (a) directly participated in the management of the Company;

- 1 (b) were directly involved in the day-to-day operations of the Company at
2 the highest levels;
- 3 (c) were privy to confidential proprietary information concerning the
4 Company and its business and operations;
- 5 (d) were directly or indirectly involved in drafting, producing, reviewing
6 and/or disseminating the false and misleading statements and
7 information alleged herein;
- 8 (e) were directly or indirectly involved in the oversight or implementation
9 of the Company's internal controls;
- 10 (f) were aware of or recklessly disregarded the fact that the false and
11 misleading statements were being issued concerning the Company;
12 and/or
- 13 (g) approved or ratified these statements in violation of the federal
14 securities laws.
15

16 15. The Company is liable for the acts of the Individual Defendants and its
17 employees under the doctrine of *respondeat superior* and common law principles
18 of agency because all of the wrongful acts complained of herein were carried out
19 within the scope of their employment.

20 16. The scienter of the Individual Defendants and other employees and
21 agents of the Company is similarly imputed to the Company under *respondeat*
22 *superior* and agency principles.

23 17. The Company and the Individual Defendants are referred to herein,
24 collectively, as the "Defendants."
25
26
27

1 **SUBSTANTIVE ALLEGATIONS**

2 **Background**

3 18. In June 2020, as part of an ongoing privacy push, Apple Inc.
4 (“Apple”)—which developed and maintains the popular mobile operating system,
5 iOS, for its mobile devices (the iPhone)—publicly announced new data privacy
6 features for iOS. In April 2021, Apple released the new data privacy features for
7 iOS.

8 19. Snap relies on user data for its advertising business. Following Apple’s
9 June 2020 announcement, Snap continuously downplayed and misled investors
10 regarding the impact of Apple’s new data privacy features would have on its
11 business.

12 **Materially False and Misleading Statements**

13 20. On July 22, 2020, Snap filed with the SEC a quarterly report on Form
14 10-Q for the period ended June 30, 2020 (the “2Q20 Report”) which was signed by
15 Defendants Andersen and Morrow. Attached to the 2Q20 Report were certifications
16 pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants
17 Andersen and Spiegel attesting to the accuracy of financial reporting, the disclosure
18 of any material changes to the Company’s internal control over financial reporting
19 and the disclosure of all fraud.

20 21. The 2Q20 Report stated the following, in pertinent part, regarding
21 Snap’s advertising business:

22 *We generate substantially all of our revenues by offering various*
23 *advertising products on Snapchat*, which include Snap Ads and
24 Sponsored Creative Tools, and measurement services, referred to as
25 advertising revenue.
26

27 * * *

1 We sell advertising directly to advertisers (“Snap-sold” revenue) and
2 certain partners that provide content on Snapchat (“media partners”)
3 also sell directly to advertisers (“partner-sold” revenue). ...

4 * * *

5
6 *We monetize our business primarily through advertising.* Our
7 advertising products include Snap Ads and Sponsored Creative Tools.
8 We measure our business using ARPU [average revenue per user]
9 because it helps us understand the rate at which we’re monetizing our
10 daily user base.

11 (Emphasis added.)

12 22. Buried amongst other specific and general risks regarding advertising,
13 the 2Q20 Report merely stated the following regarding Apple’s publicly known
14 privacy change:

15 ... Furthermore, changes to iOS or Android operating systems’
16 practices and policies, such as Apple’s upcoming iOS update that *may*
17 *impose heightened restrictions on our access and use of user data,*
18 *may reduce the quantity and quality of the data and metrics that can*
19 *be collected or used by us and our partners,* and adversely affect our
20 ability to effectively target advertisements to users and demonstrate the
21 value of our advertisements to advertisers, any of which could reduce
22 the demand and pricing for our advertising products and seriously harm
23 our business. *The impact of these proposed changes on the overall*
24 *mobile advertising ecosystem, our business, and the developers,*
25 *partners, and advertisers within our community is uncertain*
26 depending on how these changes are implemented, how we and the
27 overall mobile advertising ecosystem adjusts, and how our partners,
28 advertisers, and users respond, could seriously harm our business. Any
adverse effects could be particularly material to us because we are still
early in building our advertising business. Our advertising revenue
could be seriously harmed by many other factors, including: ... changes
in our analytics and measurement solutions, including what we are

1 permitted to collect and disclose under the terms of Apple’s and
2 Google’s mobile operating system, that demonstrate the value of our
3 advertisements and other commercial content; ... our inability to collect
4 and disclose data or access a user’s Identifier for Advertising or similar
5 deterministic identifier that new and existing advertisers may find
6 useful[.]

6 (Emphasis added.)

7 23. On February 4, 2021, during the fourth quarter 2020 earnings call,
8 Defendant Gorman stated the following, in pertinent part, regarding the upcoming
9 Apple update and the Company’s purported privacy commitment:
10

11 I’ll take the IDFA [Apple’s Identifier for Advertisers] one first and the
12 4x growth as you’re saying in our down funnel metrics, we’re also
13 thrilled to see that. But as it comes to IDFA and the changes, whether
14 or not they will impact us. The reality is we admire Apple, and we
15 believe that they are trying to do the right thing for their customers.
16 ***Their focus on protecting privacy is aligned with our values and the
17 way that we’ve built our business from the very beginning. So the
18 change here that we’re really focused on has less to do with IDFA for
19 which Apple has long offered an opt-out.*** And instead on a much more
20 broad policy change that requires Snapchatters to opt into tracking with
21 other personal identifiers such as their e-mail address, which would
22 make it harder for us and the overall digital ad ecosystem to match
23 advertising outcomes. ***But we’ve been working really closely with
24 Apple to implement SKAdNetwork, which is their privacy protective
25 solution as well as building our own solutions that use aggregated
26 data to protect privacy. We’ve been communicating very well with
27 advertisers, we’re educating them, talking about them deeply about
28 these coming changes and encouraging them to implement our
Conversion API and Measurement Kit to mitigate any of this.*** And
then longer term, we’re investing in using first-party data from our
platform and providing more opportunities for on platform conversion,
which will really help. ***Overall, we feel really well prepared for these
changes.*** But changes to this ecosystem are usually disruptive and the
outcome is uncertain.

1
2 (Emphasis added.)

3 24. On February 5, 2021, Snap filed with the SEC its yearly report on Form
4 10-K for the period ended December 31, 2020 (the “2020 Annual Report”) which
5 was signed by Defendants Andersen and Morrow. Attached to the 2020 Annual
6 Report were certifications pursuant to SOX signed by Defendants Andersen and
7 Spiegel attesting to the accuracy of financial reporting, the disclosure of any material
8 changes to the Company’s internal control over financial reporting and the
9 disclosure of all fraud.

10 25. The 2020 Annual Report stated the following, in pertinent part,
11 regarding Snap’s advertising business:

12 **Our Advertising Products**

13
14 We connect both brand and direct response advertisers to Snapchatters
15 globally. Our ad products are built on the same foundation that makes
16 our consumer products successful. This means that we can take the
17 things we learn while creating our consumer products and apply them
18 to building innovative and engaging advertising products familiar to
19 our community.

20 *AR Ads:* Advertising through Snap’s AR tools unlocks the ability to
21 reach a unique audience in a highly differentiated way. Ads can be
22 served as Sponsored Lenses or Sponsored Filters. Lenses are designed
23 through our camera to take advantage of the reach and scale of our
24 augmented reality platform to create visually engaging 3D experiences.
25 Filters are entertaining, artistic overlays that appear after you take a
26 Snap. These Lenses and Filters can be memorialized on Snapchat,
27 through Brand Profiles that aggregate content, filters, and lenses in a
28 single, easy to find place.

Snap Ads: We let advertisers tell their stories the same way our users
do, using full screen videos with sound. These also allow advertisers to

1 integrate additional experiences and actions directly within these
2 advertisements, including watching a long-form video, visiting a
3 website, or installing an app. Snap Ads include the following:

- 4 ● Single Image or Video Ads: These are full screen ads that are
5 skippable, and can contain an attachment to enable Snapchatters to
6 swipe up and take action.
- 7 ● Story Ads: Story Ads are branded tiles that live within the Discover
8 section of the Stories tab that can be either video ads or a series of 3 to
9 20 images.
- 10 ● Collection Ads: Collection Ads feature four tappable tiles to
11 showcase multiple products, giving Snapchatters a frictionless way to
12 browse and buy.
- 13 ● Dynamic Ads: Dynamic ads leverage our machine learning algorithm
14 to match a product catalog to serve the right ad to the right Snapchatter
15 at the right time.
- 16 ● Commercials: Commercials are non-skippable for six seconds, but
17 can last up to three minutes. These ads appear within Snapchat's
18 curated content.

19 *Campaign Management and Delivery: We aim to continually improve
20 the way ads are purchased and delivered. We have invested heavily to
21 build our self-serve advertising platform, which provides automated,
22 sophisticated, and scalable ad buying and campaign management.*

23 We offer the ability to bid for advertisements that are designated to
24 drive Snapchatters to: visit a website, visit a local business, call or text
25 a business, download an app, or return to an app. *Additionally, our
26 delivery framework continues to optimize relevance of ads across the
27 entire platform by determining the best ad to show to any given user
28 based on their real-time and historical attributes and activity. This
decreases the number of wasted impressions while improving the
effectiveness of the ads that are shown to our community. This helps
advertisers increase their return on investment by providing more
refined targeting, the ability to test and learn with different creatives
or campaign attributes in real time, and the dynamics of our self-serve
pricing.*

1 *Measuring Advertising Effectiveness: We offer third-party and first-*
2 *party solutions to provide a vast array of analytics on campaign*
3 *attributes like reach, frequency, demographics, and viewability;*
4 *changes in perceptions like brand favorability or purchase intent; and*
5 *lifts in actual behavior like purchases, foot traffic, app installs, and*
6 *online purchases.*

7 * * *

8 *We monetize our business primarily through advertising.* Our
9 advertising products include Snap Ads and AR Ads. We measure our
10 business using ARPU because it helps us understand the rate at which
11 we are monetizing our daily user base.

12 * * *

13 *Revenue*

14 *We generate substantially all of our revenue through the sale of our*
15 *advertising products*, which primarily include Snap Ads and AR Ads,
16 and measurement services, referred to as advertising revenue. Snap Ads
17 may be subject to revenue sharing arrangements between us and the
18 media partner. We also generate revenue from sales of our hardware
19 product, Spectacles. This revenue is reported net of allowances for
20 returns.

21 * * *

22 *We generate substantially all of our revenues by offering various*
23 *advertising products on Snapchat*, which include Snap Ads and AR
24 Ads, referred to as advertising revenue. AR Ads include Sponsored
25 Filters and Sponsored Lenses. Sponsored Filters allow users to interact
26 with an advertiser's brand by enabling stylized brand artwork to be
27 overlaid on a Snap. Sponsored Lenses allow users to interact with an
28 advertiser's brand by enabling branded augmented reality experiences.

(Emphasis added).

1 26. The 2020 Annual Report stated the following, in pertinent part,
2 regarding the Company’s purported commitment to privacy, stating in part: :

3 **Our Commitment to Privacy**

4 *Our approach to privacy is simple: Be upfront, offer choices, and*
5 *never forget that our community comes first.*

6 We built Snapchat as an antidote to the context-less communication that
7 has plagued “social media.” *Not so long ago, a conversation among*
8 *friends would be just that: a private communication in which you*
9 *knew exactly who you were talking to, what you were talking about,*
10 *and whether what you were saying was being memorialized for*
11 *eternity. ...*

12 *When you read our Privacy Policy, we hope that you’ll notice how*
13 *much we care about the integrity of personal communication.* For
14 starters, we’ve written our Privacy Policy in plain language because we
15 think it’s important that everyone understand exactly how we handle
16 their information. Otherwise, it’s hard to make informed choices about
17 how you communicate. We’ve also created a robust Privacy Center
18 where we show that context and choice are more than talking points.
19 *There, we point out the many ways that users can control who sees*
20 *their Snaps and Stories, and explain how long content will remain on*
21 *our servers, how users can manage the information that we do have*
22 *about them, and much more.* This is where you’ll also find our
23 Transparency Report.

24 We also understand that privacy policies—no matter how ambitious—
25 are only as good as the people and practices behind those policies.
26 *When someone trusts us to transmit or store their information, we*
27 *know we have a responsibility to protect that information and we work*
28 *hard to keep it secure. New features go through an intense privacy-*
review process—we debate pros and cons, and we work hard to build
products we’re proud of and that we’ll want to use. We use Snapchat
constantly, both at work and in our personal lives, and we handle user
information with the same care that we want for our family, our friends,
and ourselves.

1
2 (Emphasis added.)

3 27. Buried amongst other specific and general risks regarding advertising,
4 the 2020 Annual Report merely stated the following regarding Apple's publicly
5 known privacy change:

6 ... Furthermore, changes to iOS or Android operating systems'
7 practices and policies, ***such as Apple's upcoming iOS update that may***
8 ***impose heightened restrictions on our access and use of user data,***
9 ***may reduce the quantity or quality of the data and metrics that can be***
10 ***collected or used by us and our partners***, or adversely affect our ability
11 to effectively target advertisements to users or demonstrate the value of
12 our advertisements to advertisers, any of which could reduce the
13 demand and pricing for our advertising products and seriously harm our
14 business. The impact of these proposed changes on the overall mobile
15 advertising ecosystem, our business, and the developers, partners, and
16 advertisers within our community is uncertain. Depending on how these
17 changes are implemented, how we and the overall mobile advertising
18 ecosystem adjusts, and how our partners, advertisers, and users
19 respond, our business could be seriously harmed. Any adverse effects
20 could be particularly material to us because we are still early in building
21 our advertising business. Our advertising revenue could also be
22 seriously harmed by many other factors, including: ... changes in our
23 analytics and measurement solutions, including what we are permitted
24 to collect and disclose under the terms of Apple's and Google's mobile
25 operating systems, that demonstrate the value of our advertisements and
26 other commercial content ... our inability to measure the effectiveness
27 of our advertising or target the appropriate audience for
28 advertisements[.]

23 (Emphasis added.)

24 28. On July 22, 2021, during the second quarter 2021 earnings call,
25 Defendant Gorman stated, in pertinent part, the following regarding the Apple's
26 privacy update and the Company's position:
27

1 Our ad platform is being utilized as an effective self-service tool to help
2 advertisers of all types and sizes create, manage, and measure
3 campaigns on Snapchat. ***Further, it is a reflection of our focus on***
4 ***privacy and innovation as we are delivering results for advertisers***
5 ***while also respecting the privacy of our community, which has been***
6 ***a core tenet since we launched ads on Snapchat.*** This year has clearly
7 demonstrated how important it is to simultaneously meet these two
8 objectives for our advertising partners. ***As Apple rolled-out its App***
9 ***Tracking Transparency-related changes near the end of Q2, we***
10 ***observed higher opt-in rates than we are seeing reported generally***
11 ***across the industry, which we believe is due in part to the trust our***
12 ***community has in our products and our business.*** Apple's rollout of
13 the most recent iOS update came later in Q2 than initially anticipated,
14 and the pace of updates by iPhone users has also been slower than we
15 anticipated. ***This has given us more time with advertisers to navigate***
16 ***the transition*** but also means the effects of these changes will come
17 later than we initially expected.

18 We continue to work with our advertising partners on privacy-safe
19 solutions and other attribution techniques. ***For example, we fully rolled***
20 ***out support of SKAdnetwork version 3.0, which we believe will aid in***
21 ***improving attribution for advertisers who have implemented Apple's***
22 ***API.*** We also launched Advanced Conversions in Ads Manager, which
23 allows advertisers to measure their campaigns via our privacy-
24 protecting measurement stack. ***We are dedicated to delivering value***
25 ***for our advertising partners while respecting the privacy of our***
26 ***community, as we have worked to do for many years.*** That said, it
27 remains very early in the adoption of the iOS platform changes, and we
28 will continue to learn how these changes may impact our advertising
partners, business, and the industry as a whole. We are seeing some
initial signals as advertisers test and learn in this new environment and
this is causing some interruptions to demand that we had anticipated
would be part of the adoption process, particularly in the direct response
e-commerce and gaming sectors. It is too early to determine how long
it will take until these changes are fully adopted, the scale of the
potential interruptions to demand, or the ultimate impact on the longer
term growth of our business. ...

1 *We continue to invest heavily in video advertising*, with the goal of
2 driving results for our advertising partners and connecting them to the
3 Snapchat Generation. *For example, we worked with Nielsen to help*
4 *US advertisers understand how to more efficiently reach their target*
5 *audiences via Snap Ads.* The Total Ad Ratings (TAR) study analyzed
6 how over thirty cross-platform advertising campaigns reached people
7 on both Snapchat and television. The analysis showed that Snapchat
8 campaigns contributed an average of 16 percent incremental reach to
9 advertisers' target audiences, and over 70 percent of the Gen Z audience
10 that was reached by Snapchat was not reached by TV-only campaigns.
11 This is especially important as people are increasingly cutting the cord,
12 and mobile content consumption continues to grow, *presenting us with*
13 *a large opportunity to help advertisers reach the Snapchat Generation*
14 *at scale.*

15 * * *

16 I think the important thing about IDFA is to really understand that the
17 solutions are not yet fully finalized. Everyone is still evolving, Apple,
18 the entire industry is still evolving. *And we've said this before, and I*
19 *just want to reiterate that we genuinely support Apple's approach.*
20 *We've always believed that advertising should respect customer's*
21 *privacy at its core at Snap and the products that this amazing team*
22 *has built for the last almost 10 years now.* And we've been working
23 really hard to make this transition smooth for our advertising partners
24 as well as our businesses. *So where we are in the cycle right now is*
25 *that we rolled out full support of SKAdnetwork version 3.0, which we*
26 *know will aid or we believe will aid in attribution for advertisers.* And
27 we've also implemented Apple's API. *In addition, we launched*
28 *Advanced Conversions in Ads Manager so advertisers can measure*
their campaigns with our privacy conscious measurement stack. And
then, you know, I think one of the things that we're observing here is
that our opt in rates have been above what is sort of widely reported
in both the press as well as with the analyst community. So that's,
that's good, but it remains so early in these iOS changes and there's no
question that it will be a change for the industry in and of itself. *But*
you know, I think we prepared it the best that we can. The product
teams and the engineering teams have been working really closely

1 *with all of our partners and our sales teams to make sure that this*
2 *transition for our advertisers is as smooth as possible.*

3 (Emphasis added.)

4
5 29. The statements referenced in ¶¶ 20-28 above, made by or attributed to
6 Defendants, were materially false and/or misleading because they misrepresented
7 and failed to disclose the following adverse facts pertaining to the Company's
8 business, operational and financial results, which were known to Defendants or
9 recklessly disregarded by them. Specifically, Defendants made false and/or
10 misleading statements and/or failed to disclose that: (1) Apple's privacy changes
11 would have, and were having, a material impact on the Company's advertising
12 business; (2) Snap overstated its ability to transition its advertising with Apple's
13 privacy changes; (3) Snap knew of, but downplayed, the risks of the impact that
14 Apple's privacy changes had on the Company's advertising business; (4) Snap
15 overstated its commitment to privacy; and (5) as a result of the foregoing,
16 Defendants' public statements and statements to journalists were materially false
17 and/or misleading at all relevant times.

18 **The Truth Emerges**

19 30. On October 22, 2021, Snap filed its third quarter 2021 report for the
20 period ending September 30, 2021 with the SEC on Form 10-Q (the "3Q21 Report"),
21 disclosing the Company's weaker-than-expected revenue and weaker-than-expected
22 guidance because of its advertising business, including due to Apple's privacy
23 changes.

24
25 31. Further, the 3Q21 Report disclosed the risks of heightened restrictions on
26 the Company's access and use of user data due to Apple's privacy update
27 materialized, stating in pertinent part:

1 Furthermore, *in April 2021 Apple issued an iOS update that imposes*
2 *heightened restrictions on our access and use of user data.* Google
3 has announced that it will implement similar changes with respect to its
4 Android operating system and major web browsers, like Safari and
5 Chrome, may make similar changes as well. *These changes have*
6 *adversely affected our targeting, measurement, and optimization*
7 *capabilities, and in turn affected our ability to measure the*
8 *effectiveness of advertisements on our services. This has resulted in,*
9 *and in the future is likely to continue to result in, reduced demand*
10 *and pricing for our advertising products and could seriously harm*
11 *our business.* The impact of these changes on the overall mobile
12 advertising ecosystem, our competitors, our business, and the
13 developers, partners, and advertisers within our community is
14 uncertain, and depending on how we, our competitors, and the overall
15 mobile advertising ecosystem adjusts, and how our partners,
16 advertisers, and users respond, our business could be seriously harmed.
17 In addition, if we are unable to mitigate these and future developments,
18 and alternative methods do not become widely adopted by our
19 advertisers, then our targeting, measurement, and optimization
20 capabilities will be materially and adversely affected, which would in
21 turn continue to negatively impact our advertising revenue. Any
22 adverse effects could be particularly material to us because we are still
23 early in building our advertising business. ...

24 (Emphasis added.)

25 32. On this news, Snap's stock price fell \$19.97 per share, or 26%, to close
26 at \$55.14 per share on October 22, 2021, damaging investors.

27 33. As a result of Defendants' wrongful acts and omissions, and the decline
28 in the market value of the Company's securities, Plaintiff and other Class members
have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

34. Plaintiff brings this action as a class action pursuant to Federal Rule of
Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who

- 1 (a) whether Defendants' acts as alleged violated the federal securities
2 laws;
- 3 (b) whether Defendants' statements to the investing public during the
4 Class Period misrepresented material facts about the financial
5 condition, business, operations, and management of the Company;
- 6 (c) whether Defendants' statements to the investing public during the
7 Class Period omitted material facts necessary to make the statements
8 made, in light of the circumstances under which they were made, not
9 misleading;
- 10 (d) whether the Individual Defendants caused the Company to issue false
11 and misleading SEC filings and public statements during the Class
12 Period;
- 13 (e) whether Defendants acted knowingly or recklessly in issuing false and
14 misleading SEC filings and public statements during the Class Period;
- 15 (f) whether the prices of the Company's securities during the Class Period
16 were artificially inflated because of the Defendants' conduct
17 complained of herein; and
- 18 (g) whether the members of the Class have sustained damages and, if so,
19 what is the proper measure of damages.
20

21 39. A class action is superior to all other available methods for the fair and
22 efficient adjudication of this controversy since joinder of all members is
23 impracticable. Furthermore, as the damages suffered by individual Class members
24 may be relatively small, the expense and burden of individual litigation make it
25 impossible for members of the Class to individually redress the wrongs done to
26 them. There will be no difficulty in the management of this action as a class action.
27

1 Defendants omitted material information in their Class Period statements in
2 violation of a duty to disclose such information, as detailed above.

3 **COUNT I**

4 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**

5 **Against All Defendants**

6 43. Plaintiff repeats and realleges each and every allegation contained
7 above as if fully set forth herein.

8 44. This Count is asserted against the Company and the Individual
9 Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. §
10 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

11 45. During the Class Period, the Company and the Individual Defendants,
12 individually and in concert, directly or indirectly, disseminated or approved the
13 false statements specified above, which they knew or deliberately disregarded were
14 misleading in that they contained misrepresentations and failed to disclose material
15 facts necessary in order to make the statements made, in light of the circumstances
16 under which they were made, not misleading.

17 46. The Company and the Individual Defendants violated §10(b) of the
18 1934 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to
19 defraud; made untrue statements of material facts or omitted to state material facts
20 necessary in order to make the statements made, in light of the circumstances under
21 which they were made, not misleading; and/or engaged in acts, practices and a
22 course of business that operated as a fraud or deceit upon plaintiff and others
23 similarly situated in connection with their purchases of the Company's securities
24 during the Class Period.
25
26
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28

1 result of the Company's and the Individual Defendants' false and misleading
2 statements.

3 50. Had Plaintiff and the other members of the Class been aware that the
4 market price of the Company's securities had been artificially and falsely inflated
5 by the Company's and the Individual Defendants' misleading statements and by the
6 material adverse information which the Company's and the Individual Defendants
7 did not disclose, they would not have purchased the Company's securities at the
8 artificially inflated prices that they did, or at all.

9 51. As a result of the wrongful conduct alleged herein, Plaintiff and other
10 members of the Class have suffered damages in an amount to be established at trial.

11 52. By reason of the foregoing, the Company and the Individual
12 Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5
13 promulgated thereunder and are liable to the Plaintiff and the other members of the
14 Class for substantial damages which they suffered in connection with their
15 purchases of the Company's securities during the Class Period.
16

17 **COUNT II**

18 **Violation of Section 20(a) of The Exchange Act**

19 **Against The Individual Defendants**

20 53. Plaintiff repeats and realleges each and every allegation contained in
21 the foregoing paragraphs as if fully set forth herein.

22 54. During the Class Period, the Individual Defendants participated in the
23 operation and management of the Company, and conducted and participated,
24 directly and indirectly, in the conduct of the Company's business affairs. Because
25 of their senior positions, they knew the adverse non-public information regarding
26 the Company's business practices.
27

1 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

2 A. Determining that the instant action may be maintained as a class action
3 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as
4 the Class representative;

5 B. Requiring Defendants to pay damages sustained by Plaintiff and the
6 Class by reason of the acts and transactions alleged herein;

7 C. Awarding Plaintiff and the other members of the Class prejudgment
8 and post-judgment interest, as well as their reasonable attorneys' fees, expert fees
9 and other costs; and

10 D. Awarding such other and further relief as this Court may deem just and
11 proper.

12 **DEMAND FOR TRIAL BY JURY**

13 Plaintiff hereby demands a trial by jury.

14
15
16 Respectfully submitted,

17 **THE ROSEN LAW FIRM, P.A.**
18 Laurence M. Rosen, Esq. (SBN 219683)
19 355 S. Grand Avenue, Suite 2450
20 Los Angeles, CA 90071
21 Telephone: (213) 785-2610
22 Facsimile: (213) 226-4684
23 Email: lrosen@rosenlegal.com

24 *Counsel for Plaintiff*