

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS**

\_\_\_\_\_, Individually and on  
behalf of all others similarly situated,

Plaintiff,

v.

SOUTHWEST AIRLINES CO., GARY  
KELLY, TAMMY ROMO, and ROBERT E.  
JORDAN,

Defendants.

**Case No:**

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants’ public documents, public filings, wire and press releases published by and regarding Southwest Airlines Co. (“Southwest Airlines” or the “Company”), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

**NATURE OF THE ACTION**

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded Southwest Airlines securities between June 13, 2020 and December 31, 2022, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by

Defendants' violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

### **JURISDICTION AND VENUE**

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

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants (defined below), directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

### **PARTIES**

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Southwest Airlines securities during the Class Period and was economically damaged thereby.

7. Defendant Southwest Airlines purports to operate a major passenger airline that provides scheduled air transportation in the United States and near-international markets.

8. Defendant Southwest Airlines is incorporated in Texas and its head office is in Dallas, Texas located at 2702 Love Field Drive, Dallas, Texas, 75235. Southwest Airlines securities trade on NYSE under the ticker symbol “LUV.”

9. Defendant Gary Kelly (“Kelly”) served as the Company’s Chief Executive Officer (“CEO”) from 2004 to February 2022. He has also served as the Executive Chairman of the Board of Directors (the “Board”) since 2008.

10. Defendant Tammy Romo (“Romo”) has served as the Company’s Executive Vice President & Chief Financial Officer since September 2012.

11. Defendant Robert E. Jordan (“Jordan”) has served as the Company’s CEO since February of 2022.

12. Defendants Kelly, Romo, and Jordan are collectively referred to herein as the “Individual Defendants.”

13. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company’s internal controls;

- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

14. Southwest Airlines is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

15. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to Southwest Airlines under *respondeat superior* and agency principles.

16. Defendant Southwest Airlines and the Individual Defendants are collectively referred to herein as “Defendants.”

**SUBSTANTIVE ALLEGATIONS**  
**Materially False and Misleading**  
**Statements Issued During the Class Period**

17. The class period begins on June 13, 2020, when, the Baltimore Sun released an article titled “Southwest Glitch Delays BWI Flights: Problem With Computer System Affected Airports Nationwide, Airline’s Website.” This article discussed how Southwest Airlines experienced problems with its computer system for a significant part of an afternoon, causing “significant flight delay” at airports around the country. Specifically, for about three hours, visitors to Southwest.com could not check into their flights, purchase tickets, or check their flight’s status. One traveler commented, “I’d like to know how a company as big as Southwest can have their whole server go down [ . . . ] Where’s the backup plan?”

18. According to FlightAware.com, this system failure delayed more than 600 flights as of 9:00 PM that day and resulted in 17 cancelled flights.

19. On July 27, 2020, Southwest Airlines filed with the SEC its Quarterly Report on Form 10-Q for the Quarter ended June 30, 2020 (the "2Q20 Report"). Attached to the 3Q21 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by Defendants Kelly and Romo attesting to the accuracy of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

20. The 2Q20 Report ignored the serious risk that having outdated technology posed to the Company's business by providing the following, in pertinent part, regarding the Company's risks:

"Financial results for the Company and airlines in general can be seasonal in nature. [. . .]. *Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control.* These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results.

(Emphasis added.)

21. The 2Q20 Report did not disclose the Company's internal control issues. It stated the following, in pertinent part, regarding the Company's internal controls:

"The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its*

*Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2020.* Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2020, at the reasonable assurance level.”

(Emphasis added.)

22. On August 12, 2020, *USA Today* released an article titled “‘So I Guess Southwest has Invented Time Travel’: Airline Sends Passengers Bizarre Flight Changes.” This article detailed how Southwest Airlines’ system would re-route travelers, but would make the crucial mistake of scheduling travelers to arrive at a given airport *after* their connecting flights were due to leave. To illustrate, a traveler booked a nonstop flight from San Diego, California to Reno, Nevada, which was then re-routed to contain a connecting flight via Oakland, California. However, the connecting flight was due to leave 10 minutes before the first flight was scheduled to land.

23. Southwest Airlines attempted to downplay the nonsensical flight changes by saying that passengers receiving such schedules had received preliminary flight change information that had not been finalized. One affected passenger was reportedly an information technology worker. She suspected that a computer glitch was to blame, and commented “[t]his should have been literally impossible [. . .].”

24. On October 27, 2020, the Company filed with the SEC its Quarterly Report on Form 10-Q for the Quarter ended September, 30, 2020 (the “3Q20 Report”). Attached to the 3Q21 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Kelly and Romo attesting to the accuracy of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

25. The 3Q20 Report ignored the serious risk that having outdated technology posed to the Company's business by providing the following, in pertinent part, regarding the Company's risks:

*“Financial results for the Company and airlines in general can be seasonal in nature. [. . .]. Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers, unemployment levels, corporate travel budgets, extreme or severe weather and natural disasters, fears of terrorism or war, and other factors beyond the Company's control. These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results.* See Note 4 for further information on fuel and the Company's hedging program. Operating results for the three and nine months ended September 30, 2020, are not necessarily indicative of the results that may be expected for future quarters or for the year ended December 31, 2020.”

(Emphasis added.)

26. The 3Q20 Report did not disclose the Company's internal control issues. It stated the following, in pertinent part, regarding the Company's internal controls:

*“The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. **These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2020.** Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2020, at the reasonable assurance level.”*

(Emphasis added.)

27. On February 8, 2021, Southwest Airlines filed with the SEC its 2020 Annual

Report on Form 10-K for the year ended December 31, 2021 (the “2020 Annual Report”). Attached to the 2020 Annual Report were certifications pursuant to SOX signed by Defendants Kelly and Romo attesting to the accuracy and truthfulness of the information contained therein.

28. The 2020 Annual Report downplayed the serious present risk that having outdated information technology posed to the Company’s business by mostly discussing hypothetical scenarios regarding the Company’s technology risks, rather than plainly stating that its existing technology was outdated and that it presented a clear and imminent risk to the Company’s operations:

“The Company is increasingly dependent *on the use of complex technology and systems to run its ongoing operations and support its strategic objectives*. These technologies and systems include, among others, the Company’s website and reservation system, flight dispatch and tracking systems, flight simulators, check-in kiosks, maintenance record keeping management systems, telecommunications systems, flight planning and scheduling systems, crew scheduling systems, and financial planning, management, and accounting systems. *The performance, reliability, and security of the Company’s technology infrastructure and supporting systems are critical to the Company’s operations and initiatives*.

Implementation and integration of complex systems and technology present significant challenges in terms of costs, human resources, and development of effective internal controls. *Implementation and integration require a balancing between the introduction of new capabilities and the managing of existing systems, and present the risk of operational or security inadequacy or interruption, which could materially affect the Company's ability to effectively operate its business and/or could negatively impact the Company's results of operations*.

The Company is also reliant upon the performance of its third party vendors for timely and effective implementation and support of many of its technology initiatives and for maintaining adequate information security measures. *If any of the Company's significant technologies or automated systems were to cease functioning, or if its third party vendor service providers were to fail to adequately and timely provide technical support, system maintenance, or software upgrades for any of the Company's existing systems, the Company could experience service interruptions, delays, and loss of critical data, which could harm its operations, and result in financial losses and reputational damage*.



***In the ordinary course of business, the Company's systems will continue to require modification and refinements to address growth and changing business requirements. In addition, the Company's systems may require modification to enable the Company to comply with changing regulatory requirements. Modifications and refinements to the Company's systems have been and are expected to continue to be expensive to implement and can divert management's attention from other matters. In addition, the Company's operations could be adversely affected, or the Company could face imposition of regulatory penalties, if it were unable to timely or effectively modify its systems as necessary or appropriately balance the introduction of new capabilities with the management of existing systems.***

The Company has experienced system interruptions and delays that have made its websites and operational systems unavailable or slow to respond, which has prevented the Company from efficiently processing Customer transactions or providing services. Any future system interruptions or delays could reduce the Company's operating revenues and the attractiveness of its services, as well as increase the Company's costs. ***The Company's technologies and systems and functions could be damaged or interrupted by catastrophic events beyond its control such as fires, floods, earthquakes, tornadoes and hurricanes, power loss, computer and telecommunications failures, acts of war or terrorism, computer viruses, security breaches, and similar events or disruptions. Any of these events could cause system interruptions, delays, and loss of critical data, and could prevent the Company from processing Customer transactions or providing services, which could make the Company's business and services less attractive and subject the Company to liability.*** Any of these events could damage the Company's reputation and be expensive to remedy.”

(Emphasis added).

29. In its 2020 Annual Report, Southwest Airlines also discussed its unique “point-to-point” route structure which differs from the “hub-and-spoke” route structure used by most major domestic airlines. In its discussion of its route structure, Southwest Airlines emphasized positive aspects of the unique “point-to-point” structure, but did not disclose that in adverse weather conditions, the “point-to-point” structure could leave Southwest Airlines more adversely affected than its competitors. It stated, in pertinent part:

***“Southwest has historically principally provided point-to-point service, rather than the "hub-and-spoke" service provided by most major U.S. airlines. The hub-and-spoke system concentrates most of an airline's operations at a limited number of central hub cities and serves most other destinations in the system***

*by providing one-stop or connecting service through a hub. By not concentrating operations through one or more central transfer points, Southwest's point-to-point route structure has allowed for more direct nonstop routing than hub-and-spoke service.* However, in response to the effects of the COVID-19 pandemic, the Company placed greater reliance in 2020 on connecting traffic in an effort to capture Customer demand. Approximately 72 percent of the Company's Customers flew nonstop during 2020, compared with 77 percent during 2019, and, as of December 31, 2020, Southwest served 667 nonstop city pairs, compared with 720 as of December 31, 2019. For 2020, the Company's average aircraft trip stage length was 743 miles, with an average duration of approximately 2.0 hours, as compared with an average aircraft trip stage length of 748 miles and an average duration of approximately 2.0 hours in 2019."

*"Southwest's point-to-point service has also enabled it to provide its markets with frequent, conveniently timed flights and low fares.* For example, Southwest currently offers 8 weekday roundtrips between Dallas Love Field and Houston Hobby, five weekday roundtrips between Denver and Chicago Midway, four weekday roundtrips between Los Angeles International and Las Vegas, and eight weekday roundtrips between Phoenix and Denver. Southwest complements its high-frequency short-haul routes with long-haul nonstop service including flights between California and Hawaii and between markets such as Los Angeles and Nashville, Los Angeles and Baltimore, and San Diego and Baltimore."

(Emphasis added.)

30. On April 27, 2021, Southwest Airlines filed with the SEC its Quarterly Report on Form 10-Q for the Quarter ended March 31, 2021 (the "1Q21 Report"). Attached to the 3Q21 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by Defendants Kelly and Romo attesting to the accuracy of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

31. The 1Q21 Report ignored the serious risk that having outdated technology posed to the Company's business by providing the following, in pertinent part, regarding the Company's risks:

*"Financial results for the Company and airlines in general can be seasonal in nature. [ . . . ] Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and*

*changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control.* These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results. See Note 4 for further information on fuel and the Company's hedging program. Operating results for the three months ended March 31, 2021, are not necessarily indicative of the results that may be expected for future quarters or for the year ended December 31, 2021.”

(Emphasis added.)

32. The 1Q21 Report did not disclose the Company’s internal control issues. It stated the following, in pertinent part, regarding the Company’s internal controls:

“The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2021.* Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2021, at the reasonable assurance level.”

(Emphasis added.)

33. On July 27, 2021, Southwest Airlines filed with the SEC its Quarterly Report on Form 10-Q for the Quarter ended September, 30, 2021 (the “2Q21 Report”). Attached to the 2Q21 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Kelly and Romo attesting to the accuracy of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

34. The 2Q21 Report ignored the serious risk that having outdated technology posed to the Company's business by providing the following, in pertinent part, regarding the Company's risks:

“Financial results for the Company and airlines in general can be seasonal in nature. [ . . . ] *Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control.* These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results. See Note 4 for further information on fuel and the Company's hedging program. Operating results for the three and six months ended June 30, 2021, are not necessarily indicative of the results that may be expected for future quarters or for the year ended December 31, 2021.”

(Emphasis added.)

35. The 2Q21 Report did not disclose the Company's internal control issues. It stated the following, in pertinent part, regarding the Company's internal controls:

“The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2021.* Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2021, at the reasonable assurance level.”

(Emphasis added.)

36. On October 12, 2021, in an interview on CNBC's "Squawk on the Street," Defendant Kelly materially misrepresented the extent of Southwest's issues with outdated technology, and the risk that having outdated technology posed to its business in the future.

37. In response to a series of questions from program host Jim Cramer regarding prior technological outages that resulted in cancelled Southwest flights in Florida, and Cramer's suggestion that "something's wrong at Southwest Air," Defendant Kelly acknowledged that isolated problems had occurred, but denied there being a pervasive risk to the Company's operations as a result of outdated technology. Specifically, Defendant Kelly stated "[t]he two technology outages that occurred back in June were human error so it wasn't a lack of technological capability [. . .] So, it happens to companies, you know, occasionally we just don't want it to happen very often and obviously every time something like that happens, we, we tried to learn from it."

38. Regarding the scheduling of flight crews, Defendant Kelly understated the extent of Southwest's issues: "[. . .] I think in this particular case, in this particular case, it would help for us to have better tools to recover. So, there, there aren't perfect optimization tools to re-flow airplanes when we have a setback like we did on Friday. And then, secondly, there's technology that's required to reschedule our flight crews, so we have flight attendants, we have pilots, we have airplanes and once it gets behind, it's just difficult to get that back together so I think the opportunity is to improve on that process. It's called repair. It's complicated, but we definitely have some good opportunities there, you know, for the future."

39. Defendant Kelly further stated, "[w]e've deployed new technology for reservations, we're in the process of deploying new maintenance, record keeping software that supports all of our aircraft, one of the largest projects we've ever undertaken, probably the

largest deployment in the airline industry in years. So, we have wonderful technology, we have a wonderful technology department. They're, they're very well resourced. [. . .] But overall technology's in pretty good shape in terms of staffing, and for the most part, our staffing challenges have moderated. I'd still like to have more cushion in the operation so we can absorb the kind of blow that we saw last Friday better."

40. On October 26, 2021, Southwest Airlines filed with the SEC its Quarterly Report on Form 10-Q for the Quarter ended September, 30, 2021 (the "3Q21 Report"). Attached to the 3Q21 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by Defendants Kelly and Romo attesting to the accuracy of any material changes to the Company's internal control over financial reporting, and the disclosure of all fraud.

41. The 3Q21 Report ignored the serious risk that having outdated technology posed to the Company's business by providing the following, in pertinent part, regarding the Company's risks:

**"Financial results for the Company and airlines in general can be seasonal nature [. . .]. *Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control.* These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results."**

(Emphasis added.)

42. The 3Q21 Report did not disclose the Company's internal control issues. It stated the following, in pertinent part, regarding the Company's internal controls:

**"The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed**

to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2021.* Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2021, at the reasonable assurance level.”

(Emphasis added.)

43. On February 7, 2022, Southwest Airlines filed with the SEC its 2021 Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Annual Report”). Attached to the 2021 Annual Report were certifications pursuant to SOX signed by Defendants Jordan and Romo attesting to the accuracy and truthfulness of the information contained therein.

44. The 2021 Annual Report downplayed the serious present risk that having outdated information technology posed to the Company’s business by mostly discussing hypothetical scenarios regarding the Company’s technology risks, rather than plainly stating that its existing technology was outdated and that it presented a clear and imminent risk to the Company’s operations:

“The Company is increasingly dependent *on the use of complex technology and systems to run its ongoing operations and support its strategic objectives.* These technologies and systems include, among others, the Company's website and reservation system; flight dispatch and tracking systems; flight simulators; check-in kiosks; aircraft maintenance, planning, and record keeping systems; telecommunications systems; flight planning and scheduling systems; crew scheduling systems; human resources systems; and financial planning, management, and accounting systems. *The performance, reliability, and security of the Company's technology infrastructure and supporting systems are critical to the Company's operations and initiatives.*

Implementation and integration of complex systems and technology present significant challenges in terms of costs, human resources, and development of effective internal controls. ***Implementation and integration require a balancing between the introduction of new capabilities and the managing of existing systems, and present the risk of operational or security inadequacy or interruption, which could materially affect the Company's ability to effectively operate its business and/or could negatively impact the Company's results of operations.*** The Company is also reliant upon the performance of its third party vendors for timely and effective implementation and support of many of its technology initiatives and for maintaining adequate information security measures within the services and/or software they deliver. ***If any of the Company's significant technologies or automated systems were to cease functioning, or if its third party vendor service providers were to fail to adequately and timely provide technical support, system maintenance, security, or software upgrades for any of the Company's existing systems, the Company could experience service interruptions, delays, and loss of critical data, which could harm its operations, and result in financial losses and reputational damage.***

***In the ordinary course of business, the Company's systems will continue to require modification and refinements to address growth and changing business requirements.*** In addition, the Company's systems may require modification to enable the Company to comply with changing regulatory requirements. ***Modifications and refinements to the Company's systems have been and are expected to continue to be expensive to implement and can divert management's attention from other matters. In particular, during 2020, in connection with the Company's efforts to reduce capital and operating expenditures in response to the COVID-19 pandemic, the Company deferred a significant number of technology projects. In addition, the Company's operations could be adversely affected, or the Company could face imposition of regulatory penalties, if it were unable to timely or effectively modify its systems as necessary or appropriately balance the introduction of new capabilities with the management of existing systems.*** The Company has experienced system interruptions and delays that have made its websites and operational systems unavailable or slow to respond, which has prevented the Company from efficiently processing Customer transactions or providing services. Any future system interruptions or delays could reduce the Company's operating revenues and the attractiveness of its services, as well as increase the Company's costs.”

The Company's technologies and systems and functions could be damaged or interrupted by ***catastrophic events beyond its control such as fires, floods, earthquakes, tornadoes and hurricanes, power loss, computer and telecommunications failures, acts of war or terrorism, computer viruses, security breaches, and similar events or disruptions.*** Any of these events could cause system interruptions, delays, and loss of critical data, and could prevent the Company from processing Customer transactions or providing services, which could make the Company's business and services less attractive and subject the



Company to liability. Any of these events could damage the Company's reputation and be expensive to remedy.

(Emphasis added.)

45. The 2021 Annual Report did not disclose the serious issues with the Company's internal controls. It stated, in pertinent part, regarding the Company's internal controls:

**“The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act (the “Exchange Act”)) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of December 31, 2021. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2021, at the reasonable assurance level.*”**

(Emphasis added.)

46. In its 2020 Annual Report, Southwest Airlines also discussed its unique “point-to-point” route structure which differs from the “hub-and-spoke” route structure used by most major domestic airlines. In its discussion of its route structure, Southwest Airlines emphasized positive aspects of the unique “point-to-point” structure, but did not disclose that in adverse weather conditions, the “point-to-point” structure could leave Southwest Airlines more adversely affected than its competitors. It stated, in pertinent part:

**“Southwest has historically principally provided point-to-point service, rather than the “hub-and-spoke” service provided by most major U.S. airlines. The hub-and-spoke system concentrates most of an airline's operations at a limited number of central hub cities and serves most other destinations in the system by providing one-stop or connecting service through a hub. By not concentrating operations through one or more central transfer points, Southwest's point-to-**

*point route structure has allowed for more direct nonstop routing than hub-and-spoke service.* However, in response to the effects of the COVID-19 pandemic, the Company placed greater reliance in 2020 and 2021 on connecting traffic in an effort to capture Customer demand. Approximately 73 percent of the Company's Customers flew nonstop during 2021, compared with 72 percent during 2020, and compared with 77 percent during 2019, and, as of December 31, 2021, Southwest served 788 nonstop city pairs, compared with 667 as of December 31, 2020, and compared with 720 as of December 31, 2019. For 2021, the Company's average aircraft trip stage length was 790 miles, with an average duration of approximately 2.1 hours, as compared with an average aircraft trip stage length of 743 miles and an average duration of approximately 2.0 hours in 2020, and as compared with an average aircraft trip stage length of 748 miles and an average duration of approximately 2.0 hours in 2019."

(Emphasis added.)

47. On May 2, 2022, Southwest Airlines filed with the SEC its quarterly report on Form 10-Q for the period ended March 31, 2022 (the "1Q22 Report"). Attached to the 1Q22 Report was a certification pursuant to SOX signed by Defendants Jordan and Romo attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal over financial reporting and the disclosure of all fraud.

48. The 1Q22 Report ignored the serious risk that having outdated technology posed to the Company's business by providing the following, in pertinent part, regarding the Company's risks:

"Financial results for the Company and airlines in general can be seasonal in nature. [ . . . ] *Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control.* These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results."

(Emphasis added).

49. The 1Q22 Report did not disclose the Company’s internal control issues. It stated the following, in pertinent part, regarding the Company’s internal controls:

“The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2022.* Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2022, at the reasonable assurance level.”

(Emphasis added.)

50. On August 2, 2022, after market hours, Southwest Airlines filed with the SEC its quarterly report on Form 10-Q for the period ended June 30, 2022 (the “2Q22 Report”). Attached to the 2Q22 Report was a certification pursuant to SOX signed by Defendants Jordan and Romo attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

51. The 2Q22 Report ignored the serious risk that having outdated technology posed to the Company’s business by providing the following, in pertinent part, regarding the Company’s risks:

“Financial results for the Company and airlines in general can be seasonal in nature. [. . .]. *Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control.* These and other factors, such as the price of jet

fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results. [. . .].”

(Emphasis added.)

52. The 2Q22 Report did not disclose the Company’s internal control issues. It stated the following, in pertinent part, regarding the Company’s internal controls:

“The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2022.* Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2022, at the reasonable assurance level.”

(Emphasis added).

53. On October 31, 2022, Southwest Airlines filed with the SEC its quarterly report on Form 10-Q for the period ended September 30, 2022 (the “3Q22 Report”). Attached to the 3Q22 Report were certifications pursuant to SOX signed by Defendants Kelly and Romo attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

54. The 3Q22 Report ignored the serious risk that having outdated technology posed to the Company’s business by providing the following, in pertinent part, regarding the Company’s risks:

“Financial results for the Company and airlines in general can be seasonal in nature. *Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control.* These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results.”

(Emphasis added.)

55. The 3Q22 Report did not disclose the Company's internal control issues. It stated the following, in pertinent part, regarding its internal controls:

“The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. *These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2022.* Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2022, at the reasonable assurance level.”

(Emphasis added.)

56. The statements contained in ¶¶ 19-21, 23-55 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Southwest Airlines continuously

downplayed or ignored the serious issues with the technology it used to schedule flights and crews, and how it stood to be affected worse than other airlines in the event of inclement weather; and (2) it did not discuss how its unique point-to-point service and aggressive flight schedule could leave it prone in the event of inclement weather; and (3) as a result, Defendants' statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

### **THE TRUTH EMERGES**

57. Winter storms disrupted holiday travel during the 2022 holiday season, leaving thousands of travelers stranded in airports around the United States. However, not all domestic airlines were affected equally. Southwest Airlines flight cancellations accounted for the vast majority of domestic flight cancellations, leaving travelers unable to visit loved ones over the holidays, and attracting the ire of the federal government.

58. As flights were getting cancelled around the country, it soon emerged that the root cause behind Southwest Airlines' cancellations was outdated and ineffective technology, in particular, its crew scheduling system (called "Sky Solver"). Further compounding on this issue, Southwest Airlines used an aggressive flight schedule that left it prone to greater cancellations than its competitors in the event of unusual conditions, such as nationwide storms.

59. As various national news outlets focused on how Southwest Airlines' utter failure to provide adequate services to its customers left thousands stranded at airports across the country, the truth about the Company's business began to emerge.

60. On December 26, 2022, *Business Insider* published an article about Southwest Airlines entitled "U.S. Department of Transportation says it plans to look into Southwest Airlines following the airline's unacceptable holiday flight cancellations." The article

highlighted that the Department of Transportation had announced that it would examine “whether cancellations were controllable,” and whether Southwest Airlines was complying with its stated customer service plan, after reports of a lack of prompt customer service in the wake of cancellations.”

61. On the same day, *CNN* published an article entitled “Massive Southwest Airlines Disruption Leaves Customers Stranded and Call Centers Swamped.” *CNN* discussed how the winter conditions had affected Southwest Airlines to a much greater extent than its competitors, and then discussed how it had been provided a transcript of a message from Defendant Jordan to Southwest’s employees. In this message, Defendant Jordan stated that “[Southwest Airlines] has a lot of issues in the operation right now,” and that “[p]art of what we’re suffering is a lack of tools. We’ve talked an awful lot about modernizing the operation, and the need to do that.”

62. Then, on December 27, 2022, *Reuters* published an article entitled “Southwest cancels thousands more flights; U.S. Government Vows Scrutiny.” This article quoted Casey Murray, president of the Southwest Airlines Pilots Association (the “SWAPA”), who said “Southwest is using outdated technology and processes, really from the ‘90s, that can’t keep up with the network complexity today.”

63. The *Reuters* article also discussed Southwest Airlines’ flight schedule. Rather than flying out of hubs, Southwest Airlines relies on the aforementioned point-to-point service, which leaves Company staff vulnerable to being stranded during disruptions (such as inclement weather). Murray said that this complex and aggressive business model was possible. However, executing this strategy in adverse conditions would only be possible with software that was more effective than Sky Solver, Southwest Airlines’ proprietary software that is used to match flight staff personnel with different flights. Murray stated that “[w]e had aircraft that were available,

but the process of matching up those crew members with the aircraft could not be handled by our technology.” Due to Sky Solver’s failure, the Company had to manually match crew members to specific flights, a process that Murray called “extraordinarily difficult.”

64. On the same day, *CNN* published an article entitled “Why Southwest is Melting Down,” which quoted Kathleen Bangs, a spokesperson for a flight tracking website called FlightAware, who stated that Southwest’s schedule was aggressive in that it focused on shorter flights with tight turnaround times. Bangs further stated, “[t]hose turnaround times bog things down.”

65. The December 27 *CNN* article quoted Lyn Montgomery, the president of the labor union which represents Southwest Airlines’ flight attendants, as saying “[t]he phone system the company uses is just not working. They’re just not manned with enough manpower in order to give the scheduling changes to flight attendants, and that’s created a ripple effect that is creating chaos throughout the nation.”

66. The December 27 *CNN* article revealed that it also obtained a transcript of a phone call between Southwest Airlines’ COO, Andrew Watterson, and various company employees, in which Watterson stated “[t]he process of matching up [crew members] with the aircraft could not be handled by our technology.”

67. On this news, Southwest Airlines stock fell from a closing price of \$36.09 on December 23, 2022, to \$33.94 on the next trading day, December 27, 2022, and then to \$32.19 on December 28, 2022, a drop of over 12%.

68. More news emerged about Southwest Airlines over the following days. On December 30, 2021, *My Tech Decisions* published an article about Southwest Airlines entitled “Southwest Airlines’ Holiday Collapse Due in Part to Outdated IT Systems,” which discussed



how the SWAPA had warned that the Company needed to improve its technological infrastructure. SWAPA stated, “A systemic failure of Southwest Airlines leaders to modernize, support, and staff its operation leaves every frontline employee, Pilots included, tired of apologizing to our passengers. [. . .]. For more than a decade, leadership shortcomings in adapting, innovating, and safeguarding our operations have led to repeated system disruptions, countless disappointed passengers, and millions in lost profits.” Further, “[we call for investing in infrastructure in the form of] crew scheduling software that takes into account our point-to-point network, [. . .] and communication tools that would have allowed for displaced crews to remain in in constant contact with our Company.”

69. On December 31, 2022, *The New York Times* published an article entitled “The Shameful Open Secret Behind Southwest’s Failure,” which discussed how it was an “open secret” within Southwest Airlines that it desperately needed to modernize its scheduling systems. In particular, the article discussed how software shortcomings had “contributed to previous, smaller-scale meltdowns,” and that Southwest Airlines worker unions had warned the Company about the software at various times before the Company’s meltdown over the 2022 holiday season.

70. On this news, Southwest Airlines stock fell from a closing price of \$33.67 on December 30, 2022 to \$32.6 on the next trading day, January 3, 2023, a drop of over 3%.

71. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s common shares, Plaintiff and other Class members have suffered significant losses and damages.

## **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

72. 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 persons other than defendants who acquired Southwest Airlines securities publicly traded on NYSE during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of Southwest Airlines, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

73. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Southwest Airlines securities were actively traded on NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

74. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

75. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

76. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;

- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of Southwest Airlines;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused Southwest Airlines to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of Southwest Airlines securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

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

78. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Southwest Airlines shares met the requirements for listing, and were listed and actively traded on NYSE, an efficient market;
- As a public issuer, Southwest Airlines filed periodic public reports;
- Southwest Airlines regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- Southwest Airlines' securities were liquid and traded with moderate to heavy volume during the Class Period; and
- Southwest Airlines was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

79. Based on the foregoing, the market for Southwest Airlines securities promptly digested current information regarding Southwest Airlines from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

80. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

**COUNT I**  
**For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**  
**Against All Defendants**

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

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

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

84. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Southwest Airlines securities during the Class Period.

85. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of Southwest Airlines were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws.

These defendants by virtue of their receipt of information reflecting the true facts of Southwest Airlines, their control over, and/or receipt and/or modification of Southwest Airlines' allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning Southwest Airlines, participated in the fraudulent scheme alleged herein.

86. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Southwest Airlines personnel to members of the investing public, including Plaintiff and the Class.

87. As a result of the foregoing, the market price of Southwest Airlines securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Southwest Airlines securities during the Class Period in purchasing Southwest Airlines securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

88. Had Plaintiff and the other members of the Class been aware that the market price of Southwest Airlines securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased Southwest Airlines securities at the artificially inflated prices that they did, or at all.

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

90. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of Southwest Airlines securities during the Class Period.

**COUNT II**  
**Violations of Section 20(a) of the Exchange Act**  
**Against the Individual Defendants**

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

92. During the Class Period, the Individual Defendants participated in the operation and management of Southwest Airlines, and conducted and participated, directly and indirectly, in the conduct of Southwest Airlines' business affairs. Because of their senior positions, they knew the adverse non-public information about Southwest Airlines' false financial statements.

93. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Southwest Airlines' financial condition and results of operations, and to correct promptly any public statements issued by Southwest Airlines which had become materially false or misleading.

94. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Southwest Airlines disseminated in the marketplace during the Class Period concerning Southwest Airlines' results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Southwest Airlines to

engage in the wrongful acts complained of herein. The Individual Defendants therefore, were “controlling persons” of Southwest Airlines within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Southwest Airlines securities.

95. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Southwest Airlines.

**PRAYER FOR RELIEF**

**WHEREFORE**, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff’s counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: January 12, 2023

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