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**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA, PHOENIX**

_____, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

v.

Sea Limited, Forrest Xiaodong Li, and Tony
Tianyu Hou,

Defendants.

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others
similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against
Defendants, 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, *inter*
alia, the investigation conducted by and through Plaintiff’s attorneys, which included,
among other things, a review of the Defendants’ public documents, conference calls and
announcements made by Defendants, United States (“U.S.”) Securities and Exchange

1 Commission (“SEC”) filings, wire and press releases published by and regarding Sea
2 Limited (“Sea” or the “Company”), analysts’ reports and advisories about the Company,
3 and information readily obtainable on the Internet. Plaintiff believes that substantial,
4 additional evidentiary support will exist for the allegations set forth herein after a
5 reasonable opportunity for discovery.

7 NATURE OF THE ACTION

8
9 1. This is a federal securities class action on behalf of a class consisting of all
10 persons and entities other than Defendants that purchased or otherwise acquired Sea
11 securities between April 23, 2022 and May 15, 2023, both dates inclusive (the “Class
12 Period”), seeking to recover damages caused by Defendants’ violations of the federal
13 securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities
14 Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder,
15 against the Company and certain of its top officials.

16
17 2. Sea, together with its subsidiaries, provides digital entertainment, e-
18 commerce, and digital financial services in Asia, Latin America, and internationally. The
19 Company’s digital financial services platform provides, *inter alia*, payment processing
20 services, credit offerings, and digital bank services under various brands, which
21 purportedly work in tandem with Sea’s digital entertainment and e-commerce platforms
22 to drive synergies among all three business segments. Defendants have consistently
23 asserted that these purported synergies allow the Company to grow its user base and loan
24 book in an efficient, cost-effective manner, while managing risks impacting the
25 Company’s profitability.
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1 3. Throughout the Class Period, Defendants made materially false and
2 misleading statements regarding the Company’s business, operations, and prospects.
3 Specifically, Defendants made false and/or misleading statements and/or failed to disclose
4 that: (i) Sea overstated its ability to manage the growth of its user base and loan book
5 while enhancing its profitability; (ii) Sea’s expansion to a broader user base and growing
6 loan book rendered the Company significantly more vulnerable to higher credit losses;
7 (iii) as a result, the Company was likely to book a significant increase in loan loss reserves;
8 (iv) the foregoing was likely to have a significant negative impact on Sea’s earnings; and
9 (v) as a result, the Company’s public statements were materially false and misleading at
10 all relevant times.
11

12
13 4. On May 16, 2023, Sea issued a press release announcing its financial results
14 for the first quarter of 2023. Among other items, Sea reported first-quarter earnings that
15 fell significantly short of expectations due to a sharp increase in loan loss reserves. The
16 Company advised that “[o]ur provision for credit losses increased by *120.5%* to US\$177.4
17 million in the first quarter of 2023 from US\$80.5 million in the first quarter of 2022,
18 primarily driven by expansion to a broader user base and the growth of our loan book”
19 (emphasis added). Sea also disclosed that the Company’s previous Chief Investment
20 Officer, David Ma, had left that role and joined the Company’s Board of Directors.
21

22
23 5. On this news, Sea’s American Depositary Share (“ADS”) price fell \$15.62
24 per ADS, or 17.74%, to close at \$72.45 per ADS on May 16, 2023.
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1 not limited to, the mails, interstate telephone communications, and the facilities of the
2 national securities markets.

3
4 **PARTIES**

5 11. Plaintiff, as set forth in the attached Certification, acquired Sea securities at
6 artificially inflated prices during the Class Period and was damaged upon the revelation
7 of the alleged corrective disclosures. Plaintiff resides in _____ which
8 is located in this Judicial District.

9
10 12. Defendant Sea is organized under the laws of the Cayman Islands with
11 principal executive offices located at 1 Fusionopolis Place, #17-10, Galaxis, Singapore
12 138522. Sea's ADSs trade in an efficient market on the NYSE under the ticker symbol
13 "SE".

14
15 13. Defendant Forrest Xiaodong Li ("Li") has served as Sea's Group Chief
16 Executive Officer at all relevant times.

17
18 14. Defendant Tony Tianyu Hou ("Hou") has served as Sea's Group Chief
19 Financial Officer at all relevant times.

20
21 15. Defendants Li and Hou are sometimes referred to herein collectively as the
22 "Individual Defendants."

23
24 16. The Individual Defendants possessed the power and authority to control the
25 contents of Sea's SEC filings, press releases, and other market communications. The
26 Individual Defendants were provided with copies of Sea's SEC filings and press releases
27 alleged herein to be misleading prior to or shortly after their issuance and had the ability
28 and opportunity to prevent their issuance or to cause them to be corrected. Because of

1 their positions with Sea, and their access to material information available to them but not
2 to the public, the Individual Defendants knew that the adverse facts specified herein had
3 not been disclosed to and were being concealed from the public, and that the positive
4 representations being made were then materially false and misleading. The Individual
5 Defendants are liable for the false statements and omissions pleaded herein.
6

7 **SUBSTANTIVE ALLEGATIONS**

8 **Background**

9
10 17. Sea, together with its subsidiaries, provides digital entertainment, e-
11 commerce, and digital financial services in Asia, Latin America, and internationally. The
12 Company operates Garena, a digital entertainment platform for users to access mobile and
13 computer online games, as well as eSports operations; Shopee, an e-commerce platform
14 and mobile-centric marketplace that provides integrated payment and logistics
15 infrastructure and seller services; and SeaMoney, a digital financial services platform that
16 serves individuals and businesses, providing, *inter alia*, payment processing services,
17 credit offerings, and digital bank services under various brands.
18

19
20 18. Defendants have consistently touted purported synergies among Sea's three
21 core businesses as enabling the Company to grow its user base and loan book in an
22 efficient, cost-effective manner, while managing risks impacting the Company's
23 profitability.
24

25 **Materially False and Misleading Statements Issued During the Class Period**

26 19. The Class Period begins on April 23, 2022, the day after Sea filed an annual
27 report on Form 20-F with the SEC during after-market hours, reporting the Company's
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1 these products and service hinders our ability to forecast and maintain
2 appropriate capital reserves for any losses that may arise.

3 (Emphases added.) The foregoing risk warnings were generic “catch-all” provisions that
4 were not tailored to Sea’s actual known risks regarding the need to drastically increase the
5 Company’s loan loss reserves as it expanded to a broader user base and grew its loan book,
6 much less the negative impact that such a significant increase in loan loss reserves would
7 have on the Company’s profitability.
8

9 21. Appended as exhibits to the 2021 20-F were signed certifications pursuant
10 to the Sarbanes-Oxley Act of 2002 (“SOX”), wherein the Individual Defendants certified
11 that “[t]he [2021 20-F] fully complies with the requirements of Section 13(a) or 15(d) of
12 the [Exchange Act]” and that “[t]he information contained in the [2021 20-F] fairly
13 presents, in all material respects, the financial condition and results of operations of the
14 Company.”
15

16 22. On May 17, 2022, Sea issued a press release announcing the Company’s
17 first quarter 2022 results. The press release quoted Defendant Li, who stated, in relevant
18 part, that “we are well on track to achieve our previously shared projections of profitability
19 in our Asia markets, while continuing to scale our businesses and capture market share
20 globally”; that “Shopee and SeaMoney continued to enjoy operating leverage and
21 efficiency gain as they scale and strengthen their market leadership positions”; and that
22 “[w]ith the significant scale, strong leadership and clear synergies achieved by both
23 businesses in Southeast Asia and Taiwan, our consumer internet ecosystem in the region
24 is naturally approaching a stage of long-term profitable growth”; all of which indicated to
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1 investors that Defendants were scaling Sea’s business and user base in an efficient, cost-
2 effective manner that would ultimately enhance the Company’s profitability.

3 23. On August 16, 2022, Sea issued a press release announcing the Company’s
4 second quarter 2022 results. The press release quoted Defendant Li, who stated, in
5 relevant part:
6

7 “Our solid results for the quarter reflect our continued progress in enhancing
8 efficiency and strengthening our ecosystem Shopee’s unit economics
9 improved significantly driven by gains in both monetization and efficiency
10 across our markets, even as we sustained a healthy growth rate against tough
11 comparisons We also benefited from expanding synergies between
12 Shopee and SeaMoney as our underserved user base adopted more of our
financial products and services, resulting in strong growth and narrowing
losses at SeaMoney.”

13 “Our success has always been defined by our ability to focus on the right
14 thing at the right time, quickly make the right strategic decisions, and remain
15 agile and adaptable in our execution. During the pandemic lockdowns, we
16 rapidly scaled our businesses to answer to the fast-rising market demand for
17 online consumption and services. That allowed us to significantly expand our
businesses and total addressable markets, strengthen our market leadership,
and scale up more efficiently.”

18 “As we navigate the current environment of increased macro uncertainty
19 with that same nimble and decisive approach, we believe it is vital to be
20 thoughtful, prudent, and disciplined. While we have strong resources and are
21 well on-track to achieve our self-sufficiency targets, we are nevertheless
22 rapidly prioritizing profitability and cash flow management. We are
confident that this focus, combined with our demonstrated ability to execute,
our scale and leadership, and our proven business models, will position us
for long-term sustained success.”

23 These statements, too, indicated to investors that Defendants were scaling Sea’s business
24 and user base in an efficient, cost-effective manner that would ultimately enhance the
25 Company’s profitability.
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1
2 26. On March 7, 2023, Sea issued a press release announcing the Company’s
3 fourth quarter and full year 2022 results. The press release quoted Defendant Li, who
4 continued to assure investors that the Company had successfully shifted away from
5 focusing on growth in favor of achieving profitability:

6
7 “We are starting 2023 on a much stronger footing Our decisive pivot to
8 focus on efficiency and profitability since late last year is already driving
9 meaningful bottom line improvements. We delivered positive total net
10 income in the fourth quarter, demonstrating the strength and resilience of our
11 underlying business model and the execution capabilities of our teams. As
we continue this transition and maintain our focus on sustainable growth, our
approach is to do less but do it better as we serve our users across our digital
ecosystem.”

12
13 “Given the macro uncertainty and our recent strong pivot, we are closely
14 monitoring the market environment and we will continue to adjust our pace
15 and fine-tune our operations accordingly. While there may be near-term
16 fluctuations in our performance, we remain highly confident in the long-term
17 growth potential of our markets and fully focused on capturing this
18 opportunity.”

19
20 27. The same press release also downplayed the negative impact that Sea’s
21 growing loan book was having on the Company’s profitability, stating, in relevant part:

22
23 As of the end of the fourth quarter of 2022, total loans receivable was US\$2.1
24 billion, net of allowance for credit losses of US\$238.8 million. Non-
25 performing loans past due by more than 90 days as a percentage of our total
26 gross loans receivable declined from less than 4% in the third quarter of 2022
27 to less than 2%. This was mainly due to the shortening of loan write-off
28 period in a certain market from 180 days to 120 days in the fourth quarter
based on our assessment of historical credit losses. Without this change in
write-off period, the ratio would be about 5%.

29
30 28. On April 6, 2023, Sea filed an annual report on Form 20-F with the SEC,
31 reporting the Company’s financial and operational results for the quarter and year ended
32 December 31, 2022 (the “2022 20-F”). Like the 2021 20-F, the 2022 20-F represented

1 that a large and growing user base benefitted Sea’s monetization efforts and that synergies
2 among the Company’s businesses allowed the Company to increase its user base, and
3 monetization of that user base, in a cost-effective manner, stating, in relevant part:
4

5 Our revenue is largely driven by the number of users and the level of user
6 engagement across our three businesses, subject to other factors such as
7 macro-economics, geopolitics and consumer spending power. In our e-
8 commerce business, the larger the number of sellers and buyers on the
9 platform, the larger the number and value of transactions which over time
10 will drive advertising and transaction-based fee revenue for us. In our digital
11 entertainment business, due to our freemium business model, the higher the
12 number of active users in our games, the larger the number of users likely to
13 make in-game purchases. In our digital financial services business, the larger
14 the number of users, the greater the potential to generate revenue from
15 service fees, underwriting premiums, and net interest margin.

12 * * *

13 [S]ynergies among our digital financial services business and each of our e-
14 commerce and digital entertainment businesses allow us to increase our user
15 base and monetization quickly and cost-effectively. For example, as our
16 Shopee buyers and Garena game players increasingly complete transactions
17 using our mobile wallet services, our mobile wallet user base grows, which
18 in turn may attract more merchants to join the mobile wallet network. At the
19 same time, the large user base on Shopee may also increasingly explore other
20 services and product offerings available on our digital financial services
21 platform, such as our credit, insurtech and digital bank services.

22 29. In addition, the 2022 20-F contained substantively the same generic,
23 boilerplate representations as referenced in ¶ 20, *supra*, purporting to describe risks related
24 to Sea’s growing loan and credit practices, while simultaneously downplaying those risks.
25 These risk warnings were generic “catch-all” provisions that were not tailored to Sea’s
26 actual known risks regarding the need to drastically increase the Company’s loan loss
27 reserves as it expanded to a broader user base and grew its loan book, much less the
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1 negative impact that such a significant increase in loan loss reserves would have on the
2 Company's profitability.

3 30. Appended as exhibits to the 2022 20-F were substantively the same SOX
4 certifications as referenced in ¶ 21, *supra*, signed by the Individual Defendants.

5
6 31. The statements referenced in ¶¶ 19-30 were materially false and misleading
7 because Defendants made false and/or misleading statements, as well as failed to disclose
8 material adverse facts about the Company's business, operations, and prospects.
9 Specifically, Defendants made false and/or misleading statements and/or failed to disclose
10 that: (i) Sea overstated its ability to manage the growth of its user base and loan book
11 while enhancing its profitability; (ii) Sea's expansion to a broader user base and growing
12 loan book rendered the Company significantly more vulnerable to higher credit losses;
13 (iii) as a result, the Company was likely to book a significant increase in loan loss reserves;
14 (iv) the foregoing was likely to have a significant negative impact on Sea's earnings; and
15 (v) as a result, the Company's public statements were materially false and misleading at
16 all relevant times.
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19 **The Truth Emerges**

20
21 32. On May 16, 2023, during pre-market hours, Sea issued a press release
22 announcing its financial results for the first quarter of 2023. Among other items, Sea
23 reported that "[o]ur provision for credit losses increased by **120.5%** to US\$177.4 million
24 in the first quarter of 2023 from US\$80.5 million in the first quarter of 2022, primarily
25 driven by expansion to a broader user base and the growth of our loan book" (emphasis
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1 added). Sea also disclosed that the Company’s previous Chief Investment Officer, David
2 Ma, had left that role and joined the Company’s Board of Directors.

3 33. As explained in an article published the same day by investor news website
4 *Seeking Alpha*, titled “Sea Ltd plunges 17% as Q1 earnings miss estimates despite e-
5 commerce strength”, the Company’s sharp increase in loan loss reserves caused Sea to
6 drastically miss expected earnings for the quarter:
7

8 Sea Ltd. (NYSE:SE) shares fell more than 17% on Tuesday after the
9 Singapore tech giant reported first-quarter earnings that widely missed
10 expectations due to a sharp increase in loan loss reserves.

11 For the period ending March 31, Sea (SE) earned 15 cents per share as
12 revenue rose 4.8% year-over-year to \$3.04B. Analysts were expecting a gain
13 of 73 cents per share on \$3.04B in revenue.

14 Sea Ltd. (SE) said it had \$2B in total loans receivable as of March 31, though
15 it had \$281.1M in net allowance for credit losses and \$177.4M in provision
16 for credit losses, up 120.5% year-over-year.

17 34. On this news, Sea’s ADS price fell \$15.62 per ADS, or 17.74%, to close at
18 \$72.45 per ADS on May 16, 2023.

19 35. As a result of Defendants’ wrongful acts and omissions, and the precipitous
20 decline in the market value of the Company’s securities, Plaintiff and other Class members
21 have suffered significant losses and damages.

22 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

23 36. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
24 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or
25 otherwise acquired Sea securities during the Class Period (the “Class”); and were damaged
26 upon the revelation of the alleged corrective disclosures. Excluded from the Class are
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1 Defendants herein, the officers and directors of the Company, at all relevant times,
2 members of their immediate families and their legal representatives, heirs, successors or
3 assigns and any entity in which Defendants have or had a controlling interest.

4
5 37. The members of the Class are so numerous that joinder of all members is
6 impracticable. Throughout the Class Period, Sea securities were actively traded on the
7 NYSE. While the exact number of Class members is unknown to Plaintiff at this time and
8 can be ascertained only through appropriate discovery, Plaintiff believes that there are
9 hundreds or thousands of members in the proposed Class. Record owners and other
10 members of the Class may be identified from records maintained by Sea or its transfer
11 agent and may be notified of the pendency of this action by mail, using the form of notice
12 similar to that customarily used in securities class actions.

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15 38. Plaintiff's claims are typical of the claims of the members of the Class as all
16 members of the Class are similarly affected by Defendants' wrongful conduct in violation
17 of federal law that is complained of herein.

18
19 39. Plaintiff will fairly and adequately protect the interests of the members of
20 the Class and has retained counsel competent and experienced in class and securities
21 litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

22
23 40. Common questions of law and fact exist as to all members of the Class and
24 predominate over any questions solely affecting individual members of the Class. Among
25 the questions of law and fact common to the Class are:

- 26 • whether the federal securities laws were violated by Defendants' acts as
27 alleged herein;

- 1 • whether statements made by Defendants to the investing public during the
2 Class Period misrepresented material facts about the business, operations
3 and management of Sea;
- 4 • whether the Individual Defendants caused Sea to issue false and
5 misleading financial statements during the Class Period;
- 6 • whether Defendants acted knowingly or recklessly in issuing false and
7 misleading financial statements;
- 8 • whether the prices of Sea securities during the Class Period were
9 artificially inflated because of the Defendants' conduct complained of
10 herein; and
- 11 • whether the members of the Class have sustained damages and, if so, what
12 is the proper measure of damages.

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

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

- 21 • Defendants made public misrepresentations or failed to disclose material
22 facts during the Class Period;
- 23 • the omissions and misrepresentations were material;
- 24 • Sea securities are traded in an efficient market;
- 25 • the Company's shares were liquid and traded with moderate to heavy
26 volume during the Class Period;
- 27 • the Company traded on the NYSE and was covered by multiple analysts;
- 28

- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Sea securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

43. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

44. 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, 92 S. Ct. 2430 (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

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

45. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

46. This Count is asserted against Defendants and 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.

47. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon

1 Plaintiff and the other members of the Class; made various untrue statements of material
2 facts and omitted to state material facts necessary in order to make the statements made,
3 in light of the circumstances under which they were made, not misleading; and employed
4 devices, schemes and artifices to defraud in connection with the purchase and sale of
5 securities. Such scheme was intended to, and, throughout the Class Period, did: (i)
6 deceive the investing public, including Plaintiff and other Class members, as alleged
7 herein; (ii) artificially inflate and maintain the market price of Sea securities; and (iii)
8 cause Plaintiff and other members of the Class to purchase or otherwise acquire Sea
9 securities and options at artificially inflated prices. In furtherance of this unlawful scheme,
10 plan and course of conduct, Defendants, and each of them, took the actions set forth herein.
11

12
13 48. Pursuant to the above plan, scheme, conspiracy and course of conduct, each
14 of the Defendants participated directly or indirectly in the preparation and/or issuance of
15 the quarterly and annual reports, SEC filings, press releases and other statements and
16 documents described above, including statements made to securities analysts and the
17 media that were designed to influence the market for Sea securities. Such reports, filings,
18 releases and statements were materially false and misleading in that they failed to disclose
19 material adverse information and misrepresented the truth about Sea's finances and
20 business prospects.
21

22
23 49. By virtue of their positions at Sea, Defendants had actual knowledge of the
24 materially false and misleading statements and material omissions alleged herein and
25 intended thereby to deceive Plaintiff and the other members of the Class, or, in the
26 alternative, Defendants acted with reckless disregard for the truth in that they failed or
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1 refused to ascertain and disclose such facts as would reveal the materially false and
2 misleading nature of the statements made, although such facts were readily available to
3 Defendants. Said acts and omissions of Defendants were committed willfully or with
4 reckless disregard for the truth. In addition, each Defendant knew or recklessly
5 disregarded that material facts were being misrepresented or omitted as described above.
6

7 50. Information showing that Defendants acted knowingly or with reckless
8 disregard for the truth is peculiarly within Defendants' knowledge and control. As the
9 senior managers and/or directors of Sea, the Individual Defendants had knowledge of the
10 details of Sea's internal affairs.
11

12 51. The Individual Defendants are liable both directly and indirectly for the
13 wrongs complained of herein. Because of their positions of control and authority, the
14 Individual Defendants were able to and did, directly or indirectly, control the content of
15 the statements of Sea. As officers and/or directors of a publicly-held company, the
16 Individual Defendants had a duty to disseminate timely, accurate, and truthful information
17 with respect to Sea's businesses, operations, future financial condition and future
18 prospects. As a result of the dissemination of the aforementioned false and misleading
19 reports, releases and public statements, the market price of Sea securities was artificially
20 inflated throughout the Class Period. In ignorance of the adverse facts concerning Sea's
21 business and financial condition which were concealed by Defendants, Plaintiff and the
22 other members of the Class purchased or otherwise acquired Sea securities at artificially
23 inflated prices and relied upon the price of the securities, the integrity of the market for
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1 the securities and/or upon statements disseminated by Defendants, and were damaged
2 thereby.

3 52. During the Class Period, Sea securities were traded on an active and efficient
4 market. Plaintiff and the other members of the Class, relying on the materially false and
5 misleading statements described herein, which the Defendants made, issued or caused to
6 be disseminated, or relying upon the integrity of the market, purchased or otherwise
7 acquired shares of Sea securities at prices artificially inflated by Defendants' wrongful
8 conduct. Had Plaintiff and the other members of the Class known the truth, they would
9 not have purchased or otherwise acquired said securities, or would not have purchased or
10 otherwise acquired them at the inflated prices that were paid. At the time of the purchases
11 and/or acquisitions by Plaintiff and the Class, the true value of Sea securities was
12 substantially lower than the prices paid by Plaintiff and the other members of the Class.
13 The market price of Sea securities declined sharply upon public disclosure of the facts
14 alleged herein to the injury of Plaintiff and Class members.

15 53. By reason of the conduct alleged herein, Defendants knowingly or
16 recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and
17 Rule 10b-5 promulgated thereunder.

18 54. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff
19 and the other members of the Class suffered damages in connection with their respective
20 purchases, acquisitions and sales of the Company's securities during the Class Period,
21 upon the disclosure that the Company had been disseminating misrepresented financial
22 statements to the investing public.
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1 **COUNT II**

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

3 55. Plaintiff repeats and re-alleges each and every allegation contained in the
4 foregoing paragraphs as if fully set forth herein.
5

6 56. During the Class Period, the Individual Defendants participated in the
7 operation and management of Sea, and conducted and participated, directly and indirectly,
8 in the conduct of Sea's business affairs. Because of their senior positions, they knew the
9 adverse non-public information about Sea's misstatement of income and expenses and
10 false financial statements.
11

12 57. As officers and/or directors of a publicly owned company, the Individual
13 Defendants had a duty to disseminate accurate and truthful information with respect to
14 Sea's financial condition and results of operations, and to correct promptly any public
15 statements issued by Sea which had become materially false or misleading.
16

17 58. Because of their positions of control and authority as senior officers, the
18 Individual Defendants were able to, and did, control the contents of the various reports,
19 press releases and public filings which Sea disseminated in the marketplace during the
20 Class Period concerning Sea's results of operations. Throughout the Class Period, the
21 Individual Defendants exercised their power and authority to cause Sea to engage in the
22 wrongful acts complained of herein. The Individual Defendants, therefore, were
23 "controlling persons" of Sea within the meaning of Section 20(a) of the Exchange Act. In
24 this capacity, they participated in the unlawful conduct alleged which artificially inflated
25 the market price of Sea securities.
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DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated:

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