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8 *Counsel for Plaintiff*

9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**

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

13 Plaintiff,

14 v.

15 EQUINIX, INC., CHARLES MEYERS, and
16 KEITH D. TAYLOR,

17 Defendants.

Case No:

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

JURY TRIAL DEMANDED

18 Plaintiff __ (“Plaintiff”), individually and on behalf of all other persons similarly
19 situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined
20 below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own
21 acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation
22 conducted by and through Plaintiff’s attorneys, which included, among other things, a review of
23 the defendants’ public documents, conference calls and announcements made by defendants,
24 United States Securities and Exchange Commission (“SEC”) filings, wire and press releases
25 published by and regarding EQUINIX, INC. (“Equinix” or the “Company”), analysts’ reports and
26 advisories about the Company, and other information readily obtainable on the Internet. Plaintiff
27 believes that substantial evidentiary support will exist for the allegations set forth herein after a
28 reasonable opportunity for discovery.

1 **NATURE OF THE ACTION**

2 1. This is a federal securities class action on behalf of a class consisting of all persons
3 and entities other than Defendants who purchased or otherwise acquired publicly traded Equinix
4 securities between May 3, 2019 and March 24, 2024, both dates inclusive (the “Class Period”).
5 Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal
6 securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange
7 Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.
8

9 **JURISDICTION AND VENUE**

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

13 3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C.
14 §1331 and §27 of the Exchange Act.

15 4. Venue is proper in this District pursuant to § 27 of the Exchange Act (15 U.S.C.
16 §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered and the subsequent damages
17 took place in this judicial district. Further, the Company maintains an office within this judicial
18 district.

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

24 **PARTIES**

25 6. Plaintiff, as set forth in the accompanying Certification, purchased the Company’s
26 securities at artificially inflated prices during the Class Period and was damaged upon the revelation
27 of the alleged corrective disclosure.
28

1 7. Defendant Equinix describes itself as “the world’s digital infrastructure company.”
2 Equinix operates as a real estate investment trust (“REIT”) for tax purposes. Equinix owns data
3 centers in most parts of the world. As of February 2016, Equinix owned 260 data centers around the
4 world. Other organizations lease space within these data centers to house their software.

5 8. As a REIT, one of Equinix’s key metrics is AFFO, which stands for Adjusted Funds
6 From Operations. As discussed in this complaint, AFFO was a key metric used to determine
7 executive compensation at Equinix throughout the Class Period. AFFO is a company’s funds from
8 operations, minus costs such as maintenance CapEx and other spending to maintain the company’s
9 existing revenue bases.

10 9. This action also focuses on recurring CapEx and Maintenance CapEx, which are
11 costs used to maintain the Company’s facilities and to be able to continue operating in its current
12 form, respectively, and non-recurring CapEx (also called “Growth CapEx”), which consists of
13 investments in new facilities or other initiatives which are intended to generate new revenue. In
14 pertinent part, this action alleges that the Company artificially inflated its AFFO by misclassifying
15 recurring CapEx and Maintenance CapEx expenditures as Growth CapEx.

16 10. The Company is incorporated in Delaware, and its principal executive offices are
17 located One Lagoon Drive, Redwood City, California. The Company’s common stock trades on the
18 NASDAQ Exchange under the ticker symbol “EQIX”.

19 11. Defendant Charles Meyers (“Meyers”) has served as the Company’s Chief Executive
20 Officer (“CEO”) and President since the beginning of the Class Period.

21 12. Defendant Keith D. Taylor (“Taylor”) has served as the Company’s Chief Financial
22 Officer (“CFO”) since the beginning of the Class Period.

23 13. Defendants Meyers and Taylor are sometimes referred to herein as the “Individual
24 Defendants.”

25 14. Each of the Individual Defendants:

26 (a) directly participated in the management of the Company;
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- (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.

15. The Company 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.

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

17. The Company and the Individual Defendants are referred to herein, collectively, as the “Defendants.”

SUBSTANTIVE ALLEGATIONS

False and Misleading Statements

18. On May 3, 2019, Equinix filed with the SEC its quarterly report on Form 10-Q for the period ended March 31, 2019 (the “1Q19 Report”). Attached to the 1Q19 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Meyers and Taylor 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.

1 19. The 1Q19 Report contained the following statement about the Company’s internal
2 controls:

3 Our management, with the participation of our Chief Executive Officer and our Chief
4 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
5 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
6 our "disclosure controls and procedures" as of the end of the period covered by this
7 quarterly report. ***Based on this evaluation, the Chief Executive Officer and Chief
8 Financial Officer concluded that the disclosure controls and procedures were effective as
9 of the end of the period covered by this quarterly report.***

8 (Emphasis added),

9 20. The statement in ¶ 19 was materially false and misleading at the time it was made
10 because the Company manipulated its financials to boost AFFO.

11 21. The 1Q19 Report contained the following statement regarding the “limitations on
12 the effectiveness of controls”:

13 ***Our management, including our Chief Executive Officer and Chief Financial Officer,
14 believes that our disclosure controls and procedures and internal control over financial
15 reporting are designed and operated to be effective at the reasonable assurance level.***
16 However, our management does not expect that our disclosure controls and procedures or
17 our internal control over financial reporting ***will prevent all errors and all fraud***. A control
18 system, no matter how well conceived and operated, ***can provide only reasonable, not
19 absolute, assurance that the objectives of the control system are met***. Further, the design
20 of a control system must reflect the fact that there are resource constraints, and the benefits
21 of controls must be considered relative to their costs. ***Because of the inherent limitations
22 in all control systems, no evaluation of controls can provide absolute assurance that all
23 control issues and instances of fraud, if any, have been detected***. These inherent
24 limitations include the realities that judgments in decision making can be faulty, and that
25 breakdowns can occur because of a simple error or mistake. ***Additionally, controls can be
26 circumvented by the individual acts of some persons, by collusion of two or more people
27 or by management override of the controls***. The design of any system of controls also is
28 based in part upon certain assumptions about the likelihood of future events, and there can
be no assurance that any design will succeed in achieving its stated goals under all potential
future conditions; over time, controls may become inadequate because of changes in
conditions, or the degree of compliance with policies or procedures may deteriorate.
***Because of the inherent limitations in a cost effective control system, misstatements due
to error or fraud may occur and not be detected.***

26 (Emphasis added).

1 22. The statement in ¶ 21 was materially false and misleading at the time it was made
2 because it couched internal control failures in hypothetical terms. In reality, the Company
3 manipulated its financials to boost AFFO at the time the statement was made.

4 23. The 1Q19 Report contained the following statement about adjusted funds from
5 operations, or “AFFO”:

6 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
7 REIT industry. FFO is calculated in accordance with the standards established by the
8 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
9 excluding gain (loss) from the disposition of real estate assets, depreciation and
amortization on real estate assets and adjustments for unconsolidated joint ventures' and
non-controlling interests' share of these items.

10 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
11 current or future operating performance. AFFO represents FFO excluding depreciation and
12 amortization expense on non-real estate assets, accretion, stock-based compensation,
13 restructuring charges, impairment charges, acquisition costs, an installation revenue
14 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
15 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
16 extinguishment, an income tax expense adjustment, recurring capital expenditures and
17 adjustments for unconsolidated joint ventures' and noncontrolling interests' share of these
18 items and net income (loss) from discontinued operations, net of tax. The adjustments for
19 installation revenue, straight-line rent expense and contract costs are intended to isolate the
20 cash activity included within the straight-lined or amortized results in the condensed
21 consolidated statement of operations. We exclude the amortization of deferred financing
22 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
23 in connection with debt financings that have no current or future cash obligations. We
24 exclude gain (loss) on debt extinguishment since it generally represents the write-off of
25 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
26 future interest costs and is not a good indicator of our current or future operating
27 performance. We include an income tax expense adjustment, which represents the non-cash
28 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
taxes that do not relate to current period's operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers
or other assets that are required to support current revenues. We also exclude net income
(loss) from discontinued operations, net of tax, which represents results that may not recur
and are not a good indicator of our current future operating performance.

24 24. The statement in ¶ 23 was materially false and misleading at the time it was made
25 because the Company improperly boosted AFFO by misclassifying operational expenditures as
26 Growth CapEx, which artificially inflated AFFO.

27 25. The 1Q19 Report included the following statement on stock-based compensation:

1 For the three months ended March 31, 2019, the Compensation Committee and/or the Stock
2 Award Committee of the Company's Board of Directors, as the case may be, approved the
3 issuance of an aggregate of 647,243 shares of restricted stock units to certain employees,
4 including executive officers, pursuant to the 2000 Equity Incentive Plan. These equity
5 awards are subject to vesting provisions and have a weighted-average grant date fair value
6 of \$429.03 and a weighted-average requisite service period of 3.67 years. The valuation of
7 restricted stock units with only a service condition or a service and performance condition
8 require no significant assumptions as the fair value for these types of equity awards is based
9 solely on the fair value of the Company's stock price on the date of grant. *The Company
10 used revenues and adjusted funds from operations ("AFFO") per share as the
11 performance measurements in the restricted stock units with both service and
12 performance conditions that were granted in the three months ended March 31, 2019.*

(Emphasis added).

13 26. The statement in ¶ 25 was materially false and misleading because it omitted that
14 employees were pressured by management to misclassify operational expenses to boost AFFO,
15 resulting in increased bonuses.

16 27. The 1Q19 Report contained the following disclosure regarding infrastructure risk:
17 *Our business depends on providing customers with highly reliable solutions.* We must
18 safehouse our customers' infrastructure and equipment located in our IBX data centers *and*
19 *ensure our IBX data centers and non-IBX offices remain operational.* [. . .]

20 Our office buildings and IBX data centers are subject to failure resulting from, and
21 infrastructure within such IBX data centers is at risk from, numerous factors, including:

- 22 • human error;
- 23 • equipment failure;
24 [. . .]
- 25 • power loss;
26 [. . .]

27 *Problems at one or more of our IBX data centers, whether or not within our control,*
28 *could result in service interruptions or significant equipment damage. We have service
level commitment obligations to certain customers.* As a result, service interruptions or
significant equipment damage in our IBX data centers *could result in difficulty
maintaining service level commitments to these customers and potential claims related to
such failures.* Because our IBX data centers are critical to many of our customers'
businesses, service interruptions or significant equipment damage in our IBX data centers
could also result in lost profits or other indirect or consequential damages to our customers.
We cannot guarantee that a court would enforce any contractual limitations on our liability
in the event that one of our customers brings a lawsuit against us as a result of a problem at
one of our IBX data centers and we may decide to reach settlements with affected
customers irrespective of any such contractual limitations. Any such settlement may result
in a reduction of revenue under U.S. generally accepted accounting principles ("GAAP").

1 *In addition, any loss of service, equipment damage or inability to meet our service level*
2 *commitment obligations could reduce the confidence of our customers and could*
3 *consequently impair our ability to obtain and retain customers, which would adversely*
4 *affect both our ability to generate revenues and our operating results.*

(Emphasis added).

5 28. The statement in ¶ 27 was materially false and misleading because it omitted that
6 the Company systematically oversold power capacity to its customers, raising the risk of
7 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

8 29. On August 2, 2019, Equinix filed with the SEC its quarterly report on Form 10-Q
9 for the period ended June 30, 2019 (the “2Q19 Report”). Attached to the 2Q19 Report were
10 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy
11 of financial reporting, the disclosure of any material changes to the Company’s internal control
12 over financial reporting, and the disclosure of all fraud.

13 30. The 2Q19 Report contained the following statement about the Company’s internal
14 controls:

15 Our management, with the participation of our Chief Executive Officer and our Chief
16 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
17 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
18 our "disclosure controls and procedures" as of the end of the period covered by this
19 quarterly report. *Based on this evaluation, the Chief Executive Officer and Chief*
20 *Financial Officer concluded that the disclosure controls and procedures were effective as*
21 *of the end of the period covered by this quarterly report.*

(Emphasis added).

22 31. The statement in ¶ 30 was materially false and misleading at the time it was made
23 because the Company manipulated its financials to boost AFFO.

24 32. The 2Q19 Report contained the following statement regarding the “limitations on
25 the effectiveness of controls”:

26 *Our management, including our Chief Executive Officer and Chief Financial Officer,*
27 *believes that our disclosure controls and procedures and internal control over financial*
28 *reporting are designed and operated to be effective at the reasonable assurance level.*
However, our management does not expect that our disclosure controls and procedures or
our internal control over financial reporting *will prevent all errors and all fraud*. A control
system, no matter how well conceived and operated, *can provide only reasonable, not*
absolute, assurance that the objectives of the control system are met. Further, the design
of a control system must reflect the fact that there are resource constraints, and the benefits

1 of controls must be considered relative to their costs. ***Because of the inherent limitations***
2 ***in all control systems, no evaluation of controls can provide absolute assurance that all***
3 ***control issues and instances of fraud, if any, have been detected.*** These inherent
4 limitations include the realities that judgments in decision making can be faulty, and that
5 breakdowns can occur because of a simple error or mistake. ***Additionally, controls can be***
6 ***circumvented by the individual acts of some persons, by collusion of two or more people***
7 ***or by management override of the controls.*** The design of any system of controls also is
8 based in part upon certain assumptions about the likelihood of future events, and there can
9 be no assurance that any design will succeed in achieving its stated goals under all potential
10 future conditions; over time, controls may become inadequate because of changes in
11 conditions, or the degree of compliance with policies or procedures may deteriorate.
12 ***Because of the inherent limitations in a cost effective control system, misstatements due***
13 ***to error or fraud may occur and not be detected.***

9 (Emphasis added).

10 33. The statement in ¶ 32 was materially false and misleading at the time it was made
11 because it couched internal control failures in hypothetical terms. In reality, the Company
12 manipulated its financials to boost AFFO at the time the statement was made.

13 34. The 2Q19 Report contained the following statement about adjusted funds from
14 operations, or “AFFO”:

15 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
16 REIT industry. FFO is calculated in accordance with the standards established by the
17 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
18 excluding gain (loss) from the disposition of real estate assets, depreciation and
19 amortization on real estate assets and adjustments for unconsolidated joint ventures' and
20 non-controlling interests' share of these items.

19 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
20 current or future operating performance. AFFO represents FFO excluding depreciation and
21 amortization expense on non-real estate assets, accretion, stock-based compensation,
22 restructuring charges, impairment charges, acquisition costs, an installation revenue
23 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
24 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
25 extinguishment, an income tax expense adjustment, recurring capital expenditures and
26 adjustments for unconsolidated joint ventures' and noncontrolling interests' share of these
27 items and net income (loss) from discontinued operations, net of tax. The adjustments for
28 installation revenue, straight-line rent expense and contract costs are intended to isolate the
cash activity included within the straight-lined or amortized results in the condensed
consolidated statement of operations. We exclude the amortization of deferred financing
costs and debt discounts and premiums as these expenses relate to the initial costs incurred
in connection with debt financings that have no current or future cash obligations. We
exclude gain (loss) on debt extinguishment since it generally represents the write-off of
initial costs incurred in connection with debt financings or a cost that is incurred to reduce

1 future interest costs and is not a good indicator of our current or future operating
2 performance. We include an income tax expense adjustment, which represents the non-cash
3 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
4 taxes that do not relate to current period's operations. We deduct recurring capital
5 expenditures, which represent expenditures to extend the useful life of its IBX data centers
6 or other assets that are required to support current revenues. We also exclude net income
7 (loss) from discontinued operations, net of tax, which represents results that may not recur
8 and are not a good indicator of our current future operating performance.

9 35. The statement in ¶ 34 was materially false and misleading at the time it was made
10 because the Company improperly boosted AFFO by misclassifying operational expenditures as
11 Growth CapEx, which artificially inflated AFFO.

12 36. The 2Q19 Report included the following statement on stock-based compensation:
13 *For the six months ended June 30, 2019, the Compensation Committee and/or the Stock*
14 *Award Committee of the Company's Board of Directors, as the case may be, approved the*
15 *issuance of an aggregate of 697,174 shares of restricted stock units to certain employees,*
16 *including executive officers, pursuant to the 2000 Equity Incentive Plan. These equity*
17 *awards are subject to vesting provisions and have a weighted-average grant date fair value*
18 *of \$434.17 and a weighted-average requisite service period of 3.66 years. The valuation of*
19 *restricted stock units with only a service condition or a service and performance condition*
20 *require no significant assumptions as the fair value for these types of equity awards is based*
21 *solely on the fair value of the Company's stock price on the date of grant. The Company*
22 *used revenues and adjusted funds from operations ("AFFO") per share as the*
23 *performance measurements in the restricted stock units with both service and*
24 *performance conditions that were granted in the six months ended June 30, 2019.*

25 (Emphasis added).

26 37. The statement in ¶ 36 was materially false and misleading because it omitted that
27 employees were pressured by management to misclassify operational expenses to boost AFFO,
28 resulting in increased bonuses.

38 38. The 2Q19 Report contained the following disclosure regarding infrastructure risk:
39 *Our business depends on providing customers with highly reliable solutions.* We must
40 safehouse our customers' infrastructure and equipment located in our IBX data centers *and*
41 *ensure our IBX data centers and non-IBX offices remain operational.* [. . .]

42 Our office buildings and IBX data centers are subject to failure resulting from, and
43 infrastructure within such IBX data centers is at risk from, numerous factors, including:

- 44 • human error;
- 45 • *equipment failure;*
- 46 [. . .]

- *power loss;*
[. . .]

Problems at one or more of our IBX data centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain customers. As a result, service interruptions or significant equipment damage in our IBX data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers *could also result in lost profits or other indirect or consequential damages to our customers.* We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers and we may decide to reach settlements with affected customers irrespective of any such contractual limitations. Any such settlement may result in a reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.*

(Emphasis added).

39. The statement in ¶ 38 was materially false and misleading because it omitted that the Company systematically oversold power capacity to its customers, raising the risk of infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

40. On November 1, 2019, Equinix filed with the SEC its quarterly report on Form 10-Q for the period ended September 30, 2019 (the "3Q19 Report"). Attached to the 3Q19 Report were certifications pursuant to SOX signed by Defendants Meyers and Taylor 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.

41. The 3Q19 Report contained the following statement about the Company's internal controls:

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of our "disclosure controls and procedures" as of the end of the period covered by this quarterly report. *Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.*

1 (Emphasis added).

2 42. The statement in ¶ 41 was materially false and misleading at the time it was made
3 because the Company manipulated its financials to boost AFFO.

4 43. The 3Q19 Report contained the following statement regarding the “limitations on
5 the effectiveness of controls”:

6 ***Our management, including our Chief Executive Officer and Chief Financial Officer,***
7 ***believes that our disclosure controls and procedures and internal control over financial***
8 ***reporting are designed and operated to be effective at the reasonable assurance level.***
9 However, our management does not expect that our disclosure controls and procedures or
10 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
11 system, no matter how well conceived and operated, ***can provide only reasonable, not***
12 ***absolute, assurance that the objectives of the control system are met.*** Further, the design
13 of a control system must reflect the fact that there are resource constraints, and the benefits
14 of controls must be considered relative to their costs. ***Because of the inherent limitations***
15 ***in all control systems, no evaluation of controls can provide absolute assurance that all***
16 ***control issues and instances of fraud, if any, have been detected.*** These inherent
17 limitations include the realities that judgments in decision making can be faulty, and that
18 breakdowns can occur because of a simple error or mistake. ***Additionally, controls can be***
19 ***circumvented by the individual acts of some persons, by collusion of two or more people***
20 ***or by management override of the controls.*** The design of any system of controls also is
21 based in part upon certain assumptions about the likelihood of future events, and there can
22 be no assurance that any design will succeed in achieving its stated goals under all potential
23 future conditions; over time, controls may become inadequate because of changes in
24 conditions, or the degree of compliance with policies or procedures may deteriorate.
25 ***Because of the inherent limitations in a cost effective control system, misstatements due***
26 ***to error or fraud may occur and not be detected.***

19 (Emphasis added).

20 44. The statement in ¶ 43 was materially false and misleading at the time it was made
21 because it couched internal control failures in hypothetical terms. In reality, the Company
22 manipulated its financials to boost AFFO at the time the statement was made.

23 45. The 3Q19 Report contained the following statement about adjusted funds from
24 operations, or “AFFO”:

25 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
26 REIT industry. FFO is calculated in accordance with the standards established by the
27 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
28 excluding gain (loss) from the disposition of real estate assets, depreciation and
amortization on real estate assets and adjustments for unconsolidated joint ventures' and
non-controlling interests' share of these items.

1 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
2 current or future operating performance. AFFO represents FFO excluding depreciation and
3 amortization expense on non-real estate assets, accretion, stock-based compensation,
4 restructuring charges, impairment charges, transaction costs, an installation revenue
5 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
6 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
7 extinguishment, an income tax expense adjustment, recurring capital expenditures and
8 adjustments for unconsolidated joint ventures' and noncontrolling interests' share of these
9 items and net income (loss) from discontinued operations, net of tax. The adjustments for
10 installation revenue, straight-line rent expense and contract costs are intended to isolate the
11 cash activity included within the straight-lined or amortized results in the condensed
12 consolidated statement of operations. We exclude the amortization of deferred financing
13 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
14 in connection with debt financings that have no current or future cash obligations. We
15 exclude gain (loss) on debt extinguishment since it generally represents the write-off of
16 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
17 future interest costs and is not a good indicator of our current or future operating
18 performance. We include an income tax expense adjustment, which represents the non-cash
19 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
20 taxes that do not relate to current period's operations. We deduct recurring capital
21 expenditures, which represent expenditures to extend the useful life of its IBX data centers
22 or other assets that are required to support current revenues. We also exclude net income
23 (loss) from discontinued operations, net of tax, which represents results that may not recur
24 and are not a good indicator of our current future operating performance.

25 46. The statement in ¶ 45 was materially false and misleading at the time it was made
26 because the Company improperly boosted AFFO by misclassifying operational expenditures as
27 Growth CapEx, which artificially inflated AFFO.

28 47. The 3Q19 Report included the following statement on stock-based compensation:
*For the nine months ended September 30, 2019, the Compensation Committee and/or the
Stock Award Committee of the Company's Board of Directors, as the case may be,
approved the issuance of an aggregate of 736,303 shares of restricted stock units to
certain employees, including executive officers, pursuant to the 2000 Equity Incentive Plan.
These equity awards are subject to vesting provisions and have a weighted-average grant
date fair value of \$440.61 and a weighted-average requisite service period of 3.65 years.
The valuation of restricted stock units with only a service condition or a service and
performance condition requires no significant assumptions as the fair value for these types
of equity awards is based solely on the fair value of the Company's stock price on the date
of grant. The Company used revenues and adjusted funds from operations ("AFFO") per
share as the performance measurements in the restricted stock units with both service
and performance conditions that were granted in the nine months ended September 30,
2019.*

1 (Emphasis added).

2 48. The statement in ¶ 47 was materially false and misleading because it omitted that
3 employees were pressured by management to misclassify operational expenses to boost AFFO,
4 resulting in increased bonuses.

5 49. The 3Q19 Report contained the following disclosure regarding infrastructure risk:
6 ***Our business depends on providing customers with highly reliable solutions.*** We must
7 safehouse our customers' infrastructure and equipment located in our IBX data centers ***and***
8 ***ensure our IBX data centers and non-IBX offices remain operational.*** [. . .]

8 Our office buildings and IBX data centers are subject to failure resulting from, and
9 infrastructure within such IBX data centers is at risk from, numerous factors, including:

- 10 • human error;
- 11 • ***equipment failure;***
12 [. . .]
- 13 • ***power loss;***
14 [. . .]

13 ***Problems at one or more of our IBX data centers, whether or not within our control,***
14 ***could result in service interruptions or significant equipment damage. We have service***
15 ***level commitment obligations to certain customers.*** As a result, service interruptions or
16 significant equipment damage in our IBX data centers ***could result in difficulty***
17 ***maintaining service level commitments to these customers and potential claims related to***
18 ***such failures.*** Because our IBX data centers are critical to many of our customers'
19 businesses, service interruptions or significant equipment damage in our IBX data centers
20 could also result in lost profits or other indirect or consequential damages to our customers.
21 We cannot guarantee that a court would enforce any contractual limitations on our liability
22 in the event that one of our customers brings a lawsuit against us as a result of a problem at
23 one of our IBX data centers and we may decide to reach settlements with affected
24 customers irrespective of any such contractual limitations. Any such settlement may result
25 in a reduction of revenue under U.S. generally accepted accounting principles ("GAAP").
26 ***In addition, any loss of service, equipment damage or inability to meet our service level***
27 ***commitment obligations could reduce the confidence of our customers and could***
28 ***consequently impair our ability to obtain and retain customers, which would adversely***
affect both our ability to generate revenues and our operating results.

24 (Emphasis added).

25 50. The statement in ¶ 49 was materially false and misleading because it omitted that
26 the Company systematically oversold power capacity to its customers, raising the risk of
27 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

1 51. On February 21, 2020, Equinix filed with the SEC its annual report on Form 10-K
2 for the period ended December 31, 2019 (the “2019 Annual Report”). Attached to the 2019 Annual
3 Report were certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to
4 the accuracy of financial reporting, the disclosure of any material changes to the Company’s
5 internal control over financial reporting, and the disclosure of all fraud.

6 52. The 2019 Annual Report contained the following statement about the Company’s
7 internal controls:

8 Under the supervision and with the participation of our management, including our Chief
9 Executive Officer and our Chief Financial Officer, we conducted an evaluation of our
10 disclosure controls and procedures, as such term is defined under Rule 13a-15(e)
11 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
12 ***Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer
concluded that our disclosure controls and procedures were effective at the reasonable
assurance level as of December 31, 2019.***

13 (Emphasis added).

14 53. The statement in ¶ 52 was materially false and misleading at the time it was made
15 because the Company manipulated its financials to boost AFFO.

16 54. The 2019 Annual Report further provided the following management report on
17 internal control over financial reporting:

18 Our management is responsible for establishing and maintaining adequate internal control
19 over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). ***Because
of its inherent limitations, internal control over financial reporting may not prevent or
detect misstatements.*** Also, projections of any evaluation of effectiveness to future periods
20 are subject to the risk that controls may become inadequate because of changes in
21 conditions, or that the degree of compliance with the policies or procedures may deteriorate.
22 Under the supervision and with the participation of our management, including our Chief
23 Executive Officer and Chief Financial Officer, we conducted an evaluation of the
24 effectiveness of our internal control over financial reporting based on the framework
in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring
Organizations of the Treadway Commission.

25 Based on our evaluation under the framework in *Internal Control – Integrated
26 Framework* (2013), ***our management concluded that our internal control over financial
reporting was effective as of December 31, 2019.***

27 (Emphasis added).
28

1 55. The statement in ¶ 54 was materially false and misleading at the time it was made
2 because the Company manipulated its financials to boost AFFO.

3 56. The 2019 Annual Report contained the following statement regarding the
4 “limitations on the effectiveness of controls”:

5 ***Our management, including our Chief Executive Officer and Chief Financial Officer,***
6 ***believes that our disclosure controls and procedures and internal control over financial***
7 ***reporting are designed and operated to be effective at the reasonable assurance level.***
8 However, our management does not expect that our disclosure controls and procedures or
9 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
10 system, no matter how well conceived and operated, ***can provide only reasonable, not***
11 ***absolute, assurance that the objectives of the control system are met.*** Further, the design of
12 a control system must reflect the fact that there are resource constraints, and the benefits of
13 controls must be considered relative to their costs. ***Because of the inherent limitations in all***
14 ***control systems, no evaluation of controls can provide absolute assurance that all control***
15 ***issues and instances of fraud, if any, have been detected.*** These inherent limitations include
16 the realities that judgments in decision making can be faulty, and that breakdowns can occur
17 because of a simple error or mistake. ***Additionally, controls can be circumvented by the***
18 ***individual acts of some persons, by collusion of two or more people or by management***
19 ***override of the controls.*** The design of any system of controls is also based in part upon
20 certain assumptions about the likelihood of future events, and there can be no assurance that
21 any design will succeed in achieving its stated goals under all potential future conditions;
22 over time, controls may become inadequate because of changes in conditions, or the degree
23 of compliance with policies or procedures may deteriorate. Because of the inherent
24 limitations in a cost effective control system, misstatements due to error or fraud may occur
25 and not be detected.

26 (Emphasis added).

27 57. The statement in ¶ 56 was materially false and misleading at the time it was made
28 because it couched internal control failures in hypothetical terms. In reality, the Company
manipulated its financials to boost AFFO at the time the statement was made.

 58. The 2019 Annual Report contained the following statement about adjusted funds
from operations, or “AFFO”:

 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
REIT industry. FFO is calculated in accordance with the standards established by the
National Association of Real Estate Investment Trusts. FFO represents net income (loss),
excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

1 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
2 current or future operating performance. AFFO represents FFO excluding depreciation and
3 amortization expense on non-real estate assets, accretion, stock-based compensation,
4 restructuring charges, impairment charges, transaction costs, an installation revenue
5 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
6 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
7 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
8 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
9 for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
10 adjustments for installation revenue, straight-line rent expense and contract costs are
11 intended to isolate the cash activity included within the straight-lined or amortized results in
12 the consolidated statement of operations. We exclude the amortization of deferred financing
13 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
14 in connection with debt financings that have no current or future cash obligations. We
15 exclude gain (loss) on debt extinguishment since it generally represents the write-off of
16 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
17 future interest costs and is not a good indicator of our current or future operating
18 performance. We include an income tax expense adjustment, which represents the non-cash
19 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
20 taxes that do not relate to current period's operations. We deduct recurring capital
21 expenditures, which represent expenditures to extend the useful life of its IBX data centers
22 or other assets that are required to support current revenues. We also exclude net income
23 (loss) from discontinued operations, net of tax, which represents results that may not recur
24 and are not a good indicator of our current future operating performance.

25 59. The statement in ¶ 58 was materially false and misleading at the time it was made
26 because the Company improperly boosted AFFO by misclassifying operational expenditures as
27 Growth CapEx, which artificially inflated AFFO.

28 60. The 2019 Annual Report contained the following disclosure regarding infrastructure
risk:

Our business depends on providing customers with highly reliable solutions. We must safehouse our customers' infrastructure and equipment located in our IBX data centers and ensure our IBX data centers and non-IBX offices remain operational at all times. [. .]

Problems at one or more of our IBX data centers or corporate offices, whether or not within our control, could result in service interruptions or significant infrastructure or equipment damage. These could result from numerous factors, including:

- human error;
- *equipment failure*;
- [. .]
- *power loss*;
- [. .]

1 *We have service level commitment obligations to certain customers. As a result,*
2 *service interruptions or significant equipment damage in our IBX data centers could*
3 *result in difficulty maintaining service level commitments to these customers and*
4 *potential claims related to such failures.* Because our IBX data centers are critical to
5 many of our customers' businesses, service interruptions or significant equipment
6 damage in our IBX data centers *could also result in lost profits or other indirect or*
7 *consequential damages to our customers.* We cannot guarantee that a court would
8 enforce any contractual limitations on our liability in the event that one of our customers
9 brings a lawsuit against us as a result of a problem at one of our IBX data centers and we
10 may decide to reach settlements with affected customers irrespective of any such
11 contractual limitations. Any such settlement may result in a reduction of revenue under
12 U.S. generally accepted accounting principles ("GAAP"). *In addition, any loss of*
13 *service, equipment damage or inability to meet our service level commitment*
14 *obligations could reduce the confidence of our customers and could consequently*
15 *impair our ability to obtain and retain customers, which would adversely affect both*
16 *our ability to generate revenues and our operating results.*

17 (Emphasis added).

18 61. The statement in ¶ 60 was materially false and misleading because it omitted that the
19 Company systematically oversold power capacity to its customers, raising the risk of infrastructure
20 failure, as well as the risk of the Company not fulfilling its contractual obligations.

21 62. On May 7, 2020, Equinix filed with the SEC its quarterly report on Form 10-Q for
22 the period ended March 31, 2020 (the "1Q20 Report"). Attached to the 1Q20 Report were
23 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
24 financial reporting, the disclosure of any material changes to the Company's internal control over
25 financial reporting, and the disclosure of all fraud.

26 63. The 1Q20 Report contained the following statement about the Company's internal
27 controls:

28 Our management, with the participation of our Chief Executive Officer and our Chief
29 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
30 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
31 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
32 report. *Based on this evaluation, the Chief Executive Officer and Chief Financial Officer*
33 *concluded that the disclosure controls and procedures were effective as of the end of the*
34 *period covered by this quarterly report.*

35 (Emphasis added).

1 64. The statement in ¶ 63 was materially false and misleading at the time it was made
2 because the Company manipulated its financials to boost AFFO.

3 65. The 1Q20 Report contained the following statement regarding the “limitations on the
4 effectiveness of controls”:

5 *Our management, including our Chief Executive Officer and Chief Financial Officer,*
6 *believes that our disclosure controls and procedures and internal control over financial*
7 *reporting are designed and operated to be effective at the reasonable assurance level.*
8 However, our management does not expect that our disclosure controls and procedures or
9 our internal control over financial reporting *will prevent all errors and all fraud.* A control
10 system, no matter how well conceived and operated, *can provide only reasonable, not*
11 *absolute, assurance that the objectives of the control system are met.* Further, the design of
12 a control system must reflect the fact that there are resource constraints, and the benefits of
13 controls must be considered relative to their costs. *Because of the inherent limitations in all*
14 *control systems, no evaluation of controls can provide absolute assurance that all control*
15 *issues and instances of fraud, if any, have been detected.* These inherent limitations include
16 the realities that judgments in decision making can be faulty, and that breakdowns can occur
17 because of a simple error or mistake. *Additionally, controls can be circumvented by the*
18 *individual acts of some persons, by collusion of two or more people or by management*
19 *override of the controls.* The design of any system of controls also is based in part upon
20 certain assumptions about the likelihood of future events, and there can be no assurance that
21 any design will succeed in achieving its stated goals under all potential future conditions;
22 over time, controls may become inadequate because of changes in conditions, or the degree
23 of compliance with policies or procedures may deteriorate. Because of the inherent
24 limitations in a cost-effective control system, misstatements due to error or fraud may occur
25 and not be detected.

26 (Emphasis added).

27 66. The statement in ¶ 65 was materially false and misleading at the time it was made
28 because it couched internal control failures in hypothetical terms. In reality, the Company
manipulated its financials to boost AFFO at the time the statement was made.

 67. The 1Q20 Report contained the following statement about adjusted funds from
operations, or “AFFO”:

 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
REIT industry. FFO is calculated in accordance with the standards established by the
National Association of Real Estate Investment Trusts. FFO represents net income (loss),
excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

1 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
2 current or future operating performance. AFFO represents FFO excluding depreciation and
3 amortization expense on non-real estate assets, accretion, stock-based compensation,
4 restructuring charges, impairment charges, transaction costs, an installation revenue
5 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
6 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
7 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
8 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
9 for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
10 adjustments for installation revenue, straight-line rent expense and contract costs are
11 intended to isolate the cash activity included within the straight-lined or amortized results in
12 the consolidated statement of operations. We exclude the amortization of deferred financing
13 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
14 in connection with debt financings that have no current or future cash obligations. We
15 exclude gain (loss) on debt extinguishment since it generally represents the write-off of
16 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
17 future interest costs and is not a good indicator of our current or future operating
18 performance. We include an income tax expense adjustment, which represents the non-cash
19 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
20 taxes that do not relate to current period's operations. We deduct recurring capital
21 expenditures, which represent expenditures to extend the useful life of its IBX data centers
22 or other assets that are required to support current revenues. We also exclude net income
23 (loss) from discontinued operations, net of tax, which represents results that may not recur
24 and are not a good indicator of our current future operating performance.

25 68. The statement in ¶ 67 was materially false and misleading at the time it was made
26 because the Company improperly boosted AFFO by misclassifying operational expenditures as
27 Growth CapEx, which artificially inflated AFFO.

28 69. The 1Q20 Report included the following statement on stock-based compensation:
*For the three months ended March 31, 2020, the Compensation Committee and/or the
Stock Award Committee of the Company's Board of Directors, as the case may be,
approved the issuance of an aggregate of 653,281 shares of restricted stock units to
certain employees, including executive officers, pursuant to the 2000 Equity Incentive Plan.
These equity awards are subject to vesting provisions and have a weighted-average grant
date fair value of \$579.24 and a weighted-average requisite service period of 3.31 years. The
valuation of restricted stock units with only a service condition or a service and performance
condition requires no significant assumptions as the fair value for these types of equity
awards is based solely on the fair value of the Company's stock price on the date of grant.
The Company used revenues and adjusted funds from operations ("AFFO") per share as
the performance measurements in the restricted stock units with both service and
performance conditions that were granted in the three months ended March 31, 2020.*

(Emphasis added).

1 70. The statement in ¶ 69 was materially false and misleading because it omitted that
2 employees were pressured by management to misclassify operational expenses to boost AFFO,
3 resulting in increased bonuses.

4 71. The 1Q20 Report contained the following disclosure regarding infrastructure risk:
5 ***Our business depends on providing customers with highly reliable solutions.*** We must
6 safehouse our customers’ infrastructure and equipment located in our IBX data centers ***and***
7 ***ensure our IBX data centers and non-IBX offices remain operational at all times.*** [. . .]

8 ***Problems at one or more of our IBX data centers or corporate offices, whether or not***
9 ***within our control, could result in service interruptions or significant infrastructure or***
10 ***equipment damage.*** These could result from numerous factors, including:

- 11 • human error;
- 12 • ***equipment failure;***
 [. . .]
- 13 • ***power loss;***
 [. . .]

14 We have service level commitment obligations to certain customers. As a result, service
15 interruptions or significant equipment damage in our IBX data centers ***could result in***
16 ***difficulty maintaining service level commitments to these customers and potential claims***
17 ***related to such failures.*** Because our IBX data centers are critical to many of our customers’
18 businesses, service interruptions or significant equipment damage in our IBX data centers
19 could also result in lost profits or other indirect or consequential damages to our customers.
20 We cannot guarantee that a court would enforce any contractual limitations on our liability
21 in the event that one of our customers brings a lawsuit against us as a result of a problem at
22 one of our IBX data centers and we may decide to reach settlements with affected customers
23 irrespective of any such contractual limitations. Any such settlement may result in a
24 reduction of revenue under U.S. generally accepted accounting principles (“GAAP”). ***In***
25 ***addition, any loss of service, equipment damage or inability to meet our service level***
26 ***commitment obligations could reduce the confidence of our customers and could***
27 ***consequently impair our ability to obtain and retain customers, which would adversely***
28 ***affect both our ability to generate revenues and our operating results.***

(Emphasis added).

72. The statement in ¶ 71 was materially false and misleading because it omitted that the
Company systematically oversold power capacity to its customers, raising the risk of infrastructure
failure, as well as the risk of the Company not fulfilling its contractual obligations.

73. On July 31, 2020, Equinix filed with the SEC its quarterly report on Form 10-Q for
the period ended June 30, 2020 (the “2Q20 Report”). Attached to the 2Q20 Report were
certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of

1 financial reporting, the disclosure of any material changes to the Company’s internal control over
2 financial reporting, and the disclosure of all fraud.

3 74. The 2Q20 Report contained the following statement about the Company’s internal
4 controls:

5 Our management, with the participation of our Chief Executive Officer and our Chief
6 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
7 Securities Exchange Act of 1934, as amended (the “Exchange Act”), of the effectiveness of
8 our “disclosure controls and procedures” as of the end of the period covered by this
9 quarterly report. ***Based on this evaluation, the Chief Executive Officer and Chief
Financial Officer concluded that the disclosure controls and procedures were effective as
of the end of the period covered by this quarterly report.***

10 (Emphasis added).

11 75. The statement in ¶ 74 was materially false and misleading at the time it was made
12 because the Company manipulated its financials to boost AFFO.

13 76. The 2Q20 Report contained the following statement regarding the “limitations on the
14 effectiveness of controls”:

15 ***Our management, including our Chief Executive Officer and Chief Financial Officer,
believes that our disclosure controls and procedures and internal control over financial
reporting are designed and operated to be effective at the reasonable assurance level.***
16 However, our management does not expect that our disclosure controls and procedures or
17 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
18 system, no matter how well conceived and operated, ***can provide only reasonable, not
absolute, assurance that the objectives of the control system are met.*** Further, the design of
19 a control system must reflect the fact that there are resource constraints, and the benefits of
20 controls must be considered relative to their costs. ***Because of the inherent limitations in all
control systems, no evaluation of controls can provide absolute assurance that all control
issues and instances of fraud, if any, have been detected.*** These inherent limitations include
21 the realities that judgments in decision making can be faulty, and that breakdowns can occur
22 because of a simple error or mistake. ***Additionally, controls can be circumvented by the
individual acts of some persons, by collusion of two or more people or by management
override of the controls.*** The design of any system of controls also is based in part upon
23 certain assumptions about the likelihood of future events, and there can be no assurance that
24 any design will succeed in achieving its stated goals under all potential future conditions;
25 over time, controls may become inadequate because of changes in conditions, or the degree
26 of compliance with policies or procedures may deteriorate. ***Because of the inherent
limitations in a cost-effective control system, misstatements due to error or fraud may
occur and not be detected.***

27 (Emphasis added).
28

1 77. The statement in ¶ 76 was materially false and misleading at the time it was made
2 because it couched internal control failures in hypothetical terms. In reality, the Company
3 manipulated its financials to boost AFFO at the time the statement was made.

4 78. The 2Q20 Report contained the following statement about adjusted funds from
5 operations, or “AFFO”:

6 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
7 REIT industry. FFO is calculated in accordance with the standards established by the
8 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
9 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
on real estate assets and adjustments for unconsolidated joint ventures’ and non-controlling
interests’ share of these items.

10 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
11 current or future operating performance. AFFO represents FFO excluding depreciation and
12 amortization expense on non-real estate assets, accretion, stock-based compensation,
13 restructuring charges, impairment charges, transaction costs, an installation revenue
14 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
15 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
16 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
17 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
18 for unconsolidated joint ventures’ and noncontrolling interests’ share of these items. The
19 adjustments for installation revenue, straight-line rent expense and contract costs are
20 intended to isolate the cash activity included within the straight-lined or amortized results in
21 the 23mortized statement of operations. We exclude the 23mortization of deferred
22 financing costs and debt discounts and premiums as these expenses relate to the initial costs
23 incurred in connection with debt financings that have no current or future cash obligations.
24 We exclude gain (loss) on debt extinguishment since it generally represents the write-off of
initial costs incurred in connection with debt financings or a cost that is incurred to reduce
future interest costs and is not a good indicator of our current or future operating
performance. We include an income tax expense adjustment, which represents the non-cash
tax impact due to changes in valuation allowances, uncertain tax positions and deferred
taxes that do not relate to current period’s operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers
or other assets that are required to support current revenues. We also exclude net income
(loss) from discontinued operations, net of tax, which represents results that may not recur
and are not a good indicator of our current future operating performance.

25 79. The statement in ¶ 78 was materially false and misleading at the time it was made
26 because the Company improperly boosted AFFO by misclassifying operational expenditures as
27 Growth CapEx, which artificially inflated AFFO.

28 80. The 2Q20 Report included the following statement on stock-based compensation:

1 *For the six months ended June 30, 2020, the Compensation Committee and/or the Stock*
2 *Award Committee of the Company's Board of Directors, as the case may be, approved the*
3 *issuance of an aggregate of 680,543 shares of restricted stock units to certain employees,*
4 *including executive officers. These equity awards are subject to vesting provisions and have*
5 *a weighted-average grant date fair value of \$583.99 per share and a weighted-average*
6 *requisite service period of 3.33 years. The valuation of restricted stock units with only a*
7 *service condition or a service and performance condition require no significant assumptions*
8 *as the fair value for these types of equity awards is based solely on the fair value of the*
9 *Company's stock price on the date of grant. The Company used revenues and adjusted*
10 *funds from operations ("AFFO") per share as the performance measurements in the*
11 *restricted stock units with both service and performance conditions that were granted in*
12 *the six months ended June 30, 2020.*

81. The statement in ¶ 80 was materially false and misleading because it omitted that employees were pressured by management to misclassify operational expenses to boost AFFO, resulting in increased bonuses.

82. The 2Q20 Report contained the following disclosure regarding infrastructure risk:
Our business depends on providing customers with highly reliable solutions. We must safehouse our customers' infrastructure and equipment located in our IBX data centers and ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

Problems at one or more of our IBX data centers or corporate offices, whether or not within our control, could result in service interruptions or significant infrastructure or equipment damage. These could result from numerous factors, including:

- human error;
- *equipment failure;*
[. . .]
- *power loss;*
[. . .]

We have service level commitment obligations to certain customers. As a result, service interruptions or significant equipment damage in our IBX data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers *could also result in lost profits or other indirect or consequential damages to our customers.* We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers and we may decide to reach settlements with affected customers irrespective of any such contractual limitations. Any such settlement may result in a reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and*

1 *could consequently impair our ability to obtain and retain customers, which would*
2 *adversely affect both our ability to generate revenues and our operating results.*

3 (Emphasis added).

4 83. The statement in ¶ 82 was materially false and misleading because it omitted that the
5 Company systematically oversold power capacity to its customers, raising the risk of infrastructure
6 failure, as well as the risk of the Company not fulfilling its contractual obligations.

7 84. On October 30, 2020, Equinix filed with the SEC its quarterly report on Form 10-Q
8 for the period ended September 30, 2020 (the “3Q20 Report”). Attached to the 3Q20 Report were
9 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
10 financial reporting, the disclosure of any material changes to the Company’s internal control over
11 financial reporting, and the disclosure of all fraud.

12 85. The 3Q20 Report contained the following statement about the Company’s internal
13 controls:

14 Our management, with the participation of our Chief Executive Officer and our Chief
15 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
16 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
17 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
18 report. *Based on this evaluation, the Chief Executive Officer and Chief Financial Officer*
19 *concluded that the disclosure controls and procedures were effective as of the end of the*
20 *period covered by this quarterly report.*

21 (Emphasis added).

22 86. The statement in ¶ 85 was materially false and misleading at the time it was made
23 because the Company manipulated its financials to boost AFFO.

24 87. The 3Q20 Report contained the following statement regarding the “limitations on the
25 effectiveness of controls”:

26 *Our management, including our Chief Executive Officer and Chief Financial Officer,*
27 *believes that our disclosure controls and procedures and internal control over financial*
28 *reporting are designed and operated to be effective at the reasonable assurance level.*
 However, our management does not expect that our disclosure controls and procedures or
 our internal control over financial reporting *will prevent all errors and all fraud.* A control
 system, no matter how well conceived and operated, *can provide only reasonable, not*
 absolute, assurance that the objectives of the control system are met. Further, the design of
 a control system must reflect the fact that there are resource constraints, and the benefits of

1 controls must be considered relative to their costs. ***Because of the inherent limitations in all***
2 ***control systems, no evaluation of controls can provide absolute assurance that all control***
3 ***issues and instances of fraud, if any, have been detected.*** These inherent limitations include
4 the realities that judgments in decision making can be faulty, and that breakdowns can occur
5 because of a simple error or mistake. ***Additionally, controls can be circumvented by the***
6 ***individual acts of some persons, by collusion of two or more people or by management***
7 ***override of the controls.*** The design of any system of controls also is based in part upon
8 certain assumptions about the likelihood of future events, and there can be no assurance that
9 any design will succeed in achieving its stated goals under all potential future conditions;
10 over time, controls may become inadequate because of changes in conditions, or the degree
11 of compliance with policies or procedures may deteriorate. ***Because of the inherent***
12 ***limitations in a cost-effective control system, misstatements due to error or fraud may***
13 ***occur and not be detected.***

9 (Emphasis added).

10 88. The statement in ¶ 87 was materially false and misleading at the time it was made
11 because it couched internal control failures in hypothetical terms. In reality, the Company
12 manipulated its financials to boost AFFO at the time the statement was made.

13 89. The 3Q20 Report contained the following statement about adjusted funds from
14 operations, or “AFFO”:

15 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
16 REIT industry. FFO is calculated in accordance with the standards established by the
17 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
18 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
19 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
20 interests' share of these items.

19 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
20 current or future operating performance. AFFO represents FFO excluding depreciation and
21 amortization expense on non-real estate assets, accretion, stock-based compensation,
22 restructuring charges, impairment charges, transaction costs, an installation revenue
23 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
24 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
25 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
26 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
27 for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
28 adjustments for installation revenue, straight-line rent expense and contract costs are
intended to isolate the cash activity included within the straight-lined or amortized results in
the consolidated statement of operations. We exclude the amortization of deferred financing
costs and debt discounts and premiums as these expenses relate to the initial costs incurred
in connection with debt financings that have no current or future cash obligations. We
exclude gain (loss) on debt extinguishment since it generally represents the write-off of
initial costs incurred in connection with debt financings or a cost that is incurred to reduce

1 future interest costs and is not a good indicator of our current or future operating
2 performance. We include an income tax expense adjustment, which represents the non-cash
3 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
4 taxes that do not relate to current period's operations. We deduct recurring capital
5 expenditures, which represent expenditures to extend the useful life of its IBX data centers
6 or other assets that are required to support current revenues. We also exclude net income
7 (loss) from discontinued operations, net of tax, which represents results that may not recur
8 and are not a good indicator of our current future operating performance.

9 90. The statement in ¶ 89 was materially false and misleading at the time it was made
10 because the Company improperly boosted AFFO by misclassifying operational expenditures as
11 Growth CapEx, which artificially inflated AFFO.

12 91. The 3Q20 Report included the following statement on stock-based compensation:
13 *For the nine months ended September 30, 2020, the Compensation Committee and/or the*
14 *Stock Award Committee of the Company's Board of Directors, as the case may be,*
15 *approved the issuance of an aggregate of 709,450 shares of restricted stock units to*
16 *certain employees, including executive officers. These equity awards are subject to vesting*
17 *provisions and have a weighted-average grant date fair value of \$593.74 per share and a*
18 *weighted-average requisite service period of 3.30 years. The valuation of restricted stock*
19 *units with only a service condition or a service and performance condition require no*
20 *significant assumptions as the fair value for these types of equity awards is based solely on*
21 *the fair value of the Company's stock price on the date of grant. **The Company used***
22 *revenues and adjusted funds from operations ("AFFO") per share as the performance*
23 *measurements in the restricted stock units with both service and performance conditions*
24 *that were granted in the nine months ended September 30, 2020.*

25 (Emphasis added).

26 92. The statement in ¶ 91 was materially false and misleading because it omitted that
27 employees were pressured by management to misclassify operational expenses to boost AFFO,
28 resulting in increased bonuses.

93. The 3Q20 Report contained the following disclosure regarding infrastructure risk:
Our business depends on providing customers with highly reliable solutions. We must
safehouse our customers' infrastructure and equipment located in our IBX data centers and
ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

Problems at one or more of our IBX data centers or corporate offices, whether or not
within our control, could result in service interruptions or significant infrastructure or
equipment damage. These could result from numerous factors, including:

- human error;
 - *equipment failure;*
- [. . .]

- *power loss;*
[. . .]

We have service level commitment obligations to certain customers. As a result, service interruptions or significant equipment damage in our IBX data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers *could also result in lost profits or other indirect or consequential damages to our customers.* We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers and we may decide to reach settlements with affected customers irrespective of any such contractual limitations. Any such settlement may result in a reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.*

(Emphasis added).

94. The statement in ¶ 93 was materially false and misleading because it omitted that the Company systematically oversold power capacity to its customers, raising the risk of infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

95. On February 19, 2021, Equinix filed with the SEC its annual report on Form 10-K for the period ended December 31, 2020 (the "2020 Annual Report"). Attached to the 2020 Annual Report were certifications pursuant to SOX signed by Defendants Meyers and Taylor 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.

96. The 2020 Annual Report contained the following statement about the Company's internal controls:

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). *Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2020.*

(Emphasis added).

1 97. The statement in ¶ 96 was materially false and misleading at the time it was made
2 because the Company manipulated its financials to boost AFFO.

3 98. The 2020 Annual Report further provided the following management report on
4 internal control over financial reporting:

5 Our management is responsible for establishing and maintaining adequate internal control
6 over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). ***Because***
7 ***of its inherent limitations, internal control over financial reporting may not prevent or***
8 ***detect misstatements.*** Also, projections of any evaluation of effectiveness to future periods
are subject to the risk that controls may become inadequate because of changes in
conditions, or that the degree of compliance with the policies or procedures may deteriorate.

9 Under the supervision and with the participation of our management, including our Chief
10 Executive Officer and Chief Financial Officer, we conducted an evaluation of the
11 effectiveness of our internal control over financial reporting based on the framework
12 in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring
Organizations of the Treadway Commission.

13 Based on our evaluation under the framework in *Internal Control – Integrated*
14 ***Framework*** (2013), ***our management concluded that our internal control over financial***
reporting was effective as of December 31, 2020.

15 (Emphasis added).

16 99. The statement in ¶ 98 was materially false and misleading at the time it was made
17 because the Company manipulated its financials to boost AFFO.

18 100. The 2020 Annual Report contained the following statement regarding the
19 “limitations on the effectiveness of controls”:

20 ***Our management, including our Chief Executive Officer and Chief Financial Officer,***
21 ***believes that our disclosure controls and procedures and internal control over financial***
22 ***reporting are designed and operated to be effective at the reasonable assurance level.***
23 However, our management does not expect that our disclosure controls and procedures or
24 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
25 system, no matter how well conceived and operated, ***can provide only reasonable, not***
26 ***absolute, assurance that the objectives of the control system are met.*** Further, the design of
27 a control system must reflect the fact that there are resource constraints, and the benefits of
28 controls must be considered relative to their costs. ***Because of the inherent limitations in all***
control systems, no evaluation of controls can provide absolute assurance that all control
issues and instances of fraud, if any, have been detected. These inherent limitations include
the realities that judgments in decision making can be faulty, and that breakdowns can occur
because of a simple error or mistake. ***Additionally, controls can be circumvented by the***
individual acts of some persons, by collusion of two or more people or by management

1 *override of the controls*. The design of any system of controls is also based in part upon
2 certain assumptions about the likelihood of future events, and there can be no assurance that
3 any design will succeed in achieving its stated goals under all potential future conditions;
4 over time, controls may become inadequate because of changes in conditions, or the degree
5 of compliance with policies or procedures may deteriorate. ***Because of the inherent
6 limitations in a cost effective control system, misstatements due to error or fraud may
7 occur and not be detected.***

8 (Emphasis added).

9 101. The statement in ¶ 100 was materially false and misleading at the time it was made
10 because it couched internal control failures in hypothetical terms. In reality, the Company
11 manipulated its financials to boost AFFO at the time the statement was made.

12 102. The 2020 Annual Report contained the following statement about adjusted funds
13 from operations, or “AFFO”:

14 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
15 REIT industry. FFO is calculated in accordance with the standards established by the
16 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
17 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
18 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
19 interests' share of these items.

20 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
21 current or future operating performance. AFFO represents FFO excluding depreciation and
22 amortization expense on non-real estate assets, accretion, stock-based compensation,
23 restructuring charges, impairment charges, transaction costs, an installation revenue
24 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
25 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
26 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
27 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
28 for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
adjustments for installation revenue, straight-line rent expense and contract costs are
intended to isolate the cash activity included within the straight-lined or amortized results in
the consolidated statement of operations. We exclude the amortization of deferred financing
costs and debt discounts and premiums as these expenses relate to the initial costs incurred
in connection with debt financings that have no current or future cash obligations. We
exclude gain (loss) on debt extinguishment since it generally represents the write-off of
initial costs incurred in connection with debt financings or a cost that is incurred to reduce
future interest costs and is not a good indicator of our current or future operating
performance. We include an income tax expense adjustment, which represents the non-cash
tax impact due to changes in valuation allowances, uncertain tax positions and deferred
taxes that do not relate to current period's operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers
or other assets that are required to support current revenues. We also exclude net income

1 (loss) from discontinued operations, net of tax, which represents results that may not recur
2 and are not a good indicator of our current future operating performance.

3 103. The statement in ¶ 102 was materially false and misleading at the time it was made
4 because the Company improperly boosted AFFO by misclassifying operational expenditures as
5 Growth CapEx, which artificially inflated AFFO.

6 104. The 2020 Annual Report contained the following disclosure regarding infrastructure
7 risk:

8 *Our business depends on providing customers with highly reliable solutions.* We must
9 safehouse our customers' infrastructure and equipment located in our IBX data centers and
10 ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

11 *Problems at one or more of our IBX data centers or corporate offices, whether or not
12 within our control, could result in service interruptions or significant infrastructure or
13 equipment damage.* These could result from numerous factors, including:

- 14 • human error;
- 15 • *equipment failure*;
- 16 [. . .]
- 17 • *power loss*;
- 18 [. . .]

19 *We have service level commitment obligations to certain customers.* As a result, service
20 interruptions or significant equipment damage in our IBX data centers *could result in
21 difficulty maintaining service level commitments to these customers and potential claims
22 related to such failures.* Because our IBX data centers are critical to many of our customers'
23 businesses, service interruptions or significant equipment damage in our IBX data centers
24 could also result in lost profits or other indirect or consequential damages to our customers.
25 We cannot guarantee that a court would enforce any contractual limitations on our liability
26 in the event that one of our customers brings a lawsuit against us as a result of a problem at
27 one of our IBX data centers and we may decide to reach settlements with affected customers
28 irrespective of any such contractual limitations. Any such settlement may result in a
reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In
addition, any loss of service, equipment damage or inability to meet our service level
commitment obligations could reduce the confidence of our customers and could
consequently impair our ability to obtain and retain customers, which would adversely
affect both our ability to generate revenues and our results of operations.*

(Emphasis added).

105. The statement in ¶ 104 was materially false and misleading because it omitted that
the Company systematically oversold power capacity to its customers, raising the risk of
infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

1 106. On April 30, 2021, Equinix filed with the SEC its quarterly report on Form 10-Q for
2 the period ended March 31, 2021 (the “1Q21 Report”). Attached to the 1Q21 Report were
3 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
4 financial reporting, the disclosure of any material changes to the Company’s internal control over
5 financial reporting, and the disclosure of all fraud.

6 107. The 1Q21 Report contained the following statement about the Company’s internal
7 controls:

8 Our management, with the participation of our Chief Executive Officer and our Chief
9 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
10 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
11 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
12 report. ***Based on this evaluation, the Chief Executive Officer and Chief Financial Officer
concluded that the disclosure controls and procedures were effective as of the end of the
period covered by this quarterly report.***

13 (Emphasis added).

14 108. The statement in ¶ 107 was materially false and misleading at the time it was made
15 because the Company manipulated its financials to boost AFFO.

16 109. The 1Q21 Report contained the following statement regarding the “limitations on the
17 effectiveness of controls”:

18 ***Our management, including our Chief Executive Officer and Chief Financial Officer,
believes that our disclosure controls and procedures and internal control over financial
reporting are designed and operated to be effective at the reasonable assurance level.***
19 However, our management does not expect that our disclosure controls and procedures or
20 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
21 system, no matter how well conceived and operated, ***can provide only reasonable, not
absolute, assurance that the objectives of the control system are met.*** Further, the design of
22 a control system must reflect the fact that there are resource constraints, and the benefits of
23 controls must be considered relative to their costs. ***Because of the inherent limitations in all
control systems, no evaluation of controls can provide absolute assurance that all control
issues and instances of fraud, if any, have been detected.*** These inherent limitations include
24 the realities that judgments in decision making can be faulty, and that breakdowns can occur
25 because of a simple error or mistake. ***Additionally, controls can be circumvented by the
individual acts of some persons, by collusion of two or more people or by management
override of the controls.*** The design of any system of controls also is based in part upon
26 certain assumptions about the likelihood of future events, and there can be no assurance that
27 any design will succeed in achieving its stated goals under all potential future conditions;
28 over time, controls may become inadequate because of changes in conditions, or the degree

1 of compliance with policies or procedures may deteriorate. *Because of the inherent*
2 *limitations in a cost-effective control system, misstatements due to error or fraud may*
3 *occur and not be detected.*

4 (Emphasis added).

5 110. The statement in ¶ 109 was materially false and misleading at the time it was made
6 because it couched internal control failures in hypothetical terms. In reality, the Company
7 manipulated its financials to boost AFFO at the time the statement was made.

8 111. The 1Q21 Report contained the following statement about adjusted funds from
9 operations, or “AFFO”:

10 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
11 REIT industry. FFO is calculated in accordance with the standards established by the
12 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
13 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
14 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
15 interests' share of these items.

16 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
17 current or future operating performance. AFFO represents FFO excluding depreciation and
18 amortization expense on non-real estate assets, accretion, stock-based compensation,
19 restructuring charges, impairment charges, transaction costs, an installation revenue
20 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
21 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
22 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
23 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
24 for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
25 adjustments for installation revenue, straight-line rent expense and contract costs are
26 intended to isolate the cash activity included within the straight-lined or amortized results in
27 the consolidated statement of operations. We exclude the amortization of deferred financing
28 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
in connection with debt financings that have no current or future cash obligations. We
exclude gain (loss) on debt extinguishment since it generally represents the write-off of
initial costs incurred in connection with debt financings or a cost that is incurred to reduce
future interest costs and is not a good indicator of our current or future operating
performance. We include an income tax expense adjustment, which represents the non-cash
tax impact due to changes in valuation allowances, uncertain tax positions and deferred
taxes that do not relate to current period's operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers
or other assets that are required to support current revenues. We also exclude net income
(loss) from discontinued operations, net of tax, which represents results that may not recur
and are not a good indicator of our current future operating performance.

1 112. The statement in ¶ 111 was materially false and misleading at the time it was made
2 because the Company improperly boosted AFFO by misclassifying operational expenditures as
3 Growth CapEx, which artificially inflated AFFO.

4 113. The 1Q21 Report included the following statement on stock-based compensation:
5 ***For the three months ended March 31, 2021, the Compensation Committee and/or the***
6 ***Stock Award Committee of our Board of Directors, as the case may be, approved the***
7 ***issuance of an aggregate of 646,388 shares of restricted stock units ("RSUs") to certain***
8 ***employees, including executive officers. These equity awards are subject to vesting***
9 ***provisions and have a weighted-average grant date fair value of \$650.40 per share and a***
10 ***weighted-average requisite service period of 3.52 years. The valuation of RSUs with only a***
11 ***service condition or a service and performance condition require no significant assumptions***
12 ***as the fair value for these types of equity awards is based solely on the fair value of our***
13 ***stock price on the date of grant. We use revenues and adjusted funds from operations***
14 ***("AFFO") per share as the performance measurements in the RSUs with both service and***
15 ***performance conditions that were granted in the three months ended March 31, 2021.***

16 (Emphasis added).

17 114. The statement in ¶ 113 was materially false and misleading because it omitted that
18 employees were pressured by management to misclassify operational expenses to boost AFFO,
19 resulting in increased bonuses.

20 115. The 1Q21 Report contained the following disclosure regarding infrastructure risk:
21 ***Our business depends on providing customers with highly reliable solutions.*** We must
22 safehouse our customers' infrastructure and equipment located in our IBX data centers and
23 ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

24 ***Problems at one or more of our IBX data centers or corporate offices, whether or not***
25 ***within our control, could result in service interruptions or significant infrastructure or***
26 ***equipment damage.*** These could result from numerous factors, including but not limited to:

- 27 • human error;
- 28 • ***equipment failure;***
[. . .]
- ***power loss;***

29 ***We have service level commitment obligations to certain customers.*** As a result, service
30 interruptions or significant equipment damage in our IBX data centers ***could result in***
31 ***difficulty maintaining service level commitments to these customers and potential claims***
32 ***related to such failures.*** Because our IBX data centers are critical to many of our customers'
33 businesses, service interruptions or significant equipment damage in our IBX data centers
34 could also result in lost profits or other indirect or consequential damages to our customers.
35 We cannot guarantee that a court would enforce any contractual limitations on our liability
36 in the event that one of our customers brings a lawsuit against us as a result of a problem at

1 one of our IBX data centers and we may decide to reach settlements with affected customers
2 irrespective of any such contractual limitations. Any such settlement may result in a
3 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In*
4 *addition, any loss of service, equipment damage or inability to meet our service level*
5 *commitment obligations could reduce the confidence of our customers and could*
6 *consequently impair our ability to obtain and retain customers, which would adversely*
7 *affect both our ability to generate revenues and our results of operations.*

8 (Emphasis added).

9 116. The statement in ¶ 115 was materially false and misleading because it omitted that
10 the Company systematically oversold power capacity to its customers, raising the risk of
11 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

12 117. On July 30, 2021, Equinix filed with the SEC its quarterly report on Form 10-Q for
13 the period ended June 30, 2021 (the "2Q21 Report"). Attached to the 2Q21 Report were
14 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
15 financial reporting, the disclosure of any material changes to the Company's internal control over
16 financial reporting, and the disclosure of all fraud.

17 118. The 2Q21 Report contained the following statement about the Company's internal
18 controls:

19 Our management, with the participation of our Chief Executive Officer and our Chief
20 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
21 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
22 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
23 report. *Based on this evaluation, the Chief Executive Officer and Chief Financial Officer*
24 *concluded that the disclosure controls and procedures were effective as of the end of the*
25 *period covered by this quarterly report.*

26 (Emphasis added).

27 119. The statement in ¶ 118 was materially false and misleading at the time it was made
28 because the Company manipulated its financials to boost AFFO.

120. The 2Q21 Report contained the following statement regarding the "limitations on the
effectiveness of controls":

Our management, including our Chief Executive Officer and Chief Financial Officer,
believes that our disclosure controls and procedures and internal control over financial
reporting are designed and operated to be effective at the reasonable assurance level.
However, our management does not expect that our disclosure controls and procedures or

1 our internal control over financial reporting *will prevent all errors and all fraud*. A control
2 system, no matter how well conceived and operated, *can provide only reasonable, not*
3 *absolute, assurance that the objectives of the control system are met*. Further, the design of
4 a control system must reflect the fact that there are resource constraints, and the benefits of
5 controls must be considered relative to their costs. *Because of the inherent limitations in all*
6 *control systems, no evaluation of controls can provide absolute assurance that all control*
7 *issues and instances of fraud, if any, have been detected*. These inherent limitations include
8 the realities that judgments in decision making can be faulty, and that breakdowns can occur
9 because of a simple error or mistake. *Additionally, controls can be circumvented by the*
10 *individual acts of some persons, by collusion of two or more people or by management*
11 *override of the controls*. The design of any system of controls also is based in part upon
12 certain assumptions about the likelihood of future events, and there can be no assurance that
13 any design will succeed in achieving its stated goals under all potential future conditions;
14 over time, controls may become inadequate because of changes in conditions, or the degree
15 of compliance with policies or procedures may deteriorate. *Because of the inherent*
16 *limitations in a cost-effective control system, misstatements due to error or fraud may*
17 *occur and not be detected*.

18 (Emphasis added).

19 121. The statement in ¶ 120 was materially false and misleading at the time it was made
20 because it couched internal control failures in hypothetical terms. In reality, the Company
21 manipulated its financials to boost AFFO at the time the statement was made.

22 122. The 2Q21 Report contained the following statement about adjusted funds from
23 operations, or “AFFO”:

24 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
25 REIT industry. FFO is calculated in accordance with the standards established by the
26 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
27 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
28 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

In presenting AFFO, we exclude certain items that we believe are not good indicators of our
current or future operating performance. AFFO represents FFO excluding depreciation and
amortization expense on non-real estate assets, accretion, stock-based compensation,
restructuring charges, impairment charges, transaction costs, an installation revenue
adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
of deferred financing costs and debt discounts and premiums, gain (loss) on debt
extinguishment, an income tax expense adjustment, recurring capital expenditures, net
income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
adjustments for installation revenue, straight-line rent expense and contract costs are
intended to isolate the cash activity included within the straight-lined or amortized results in
the consolidated statement of operations. We exclude the amortization of deferred financing

1 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
2 in connection with debt financings that have no current or future cash obligations. We
3 exclude gain (loss) on debt extinguishment since it generally represents the write-off of
4 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
5 future interest costs and is not a good indicator of our current or future operating
6 performance. We include an income tax expense adjustment, which represents the non-cash
7 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
8 taxes that do not relate to current period's operations. We deduct recurring capital
9 expenditures, which represent expenditures to extend the useful life of its IBX data centers
10 or other assets that are required to support current revenues. We also exclude net income
11 (loss) from discontinued operations, net of tax, which represents results that may not recur
12 and are not a good indicator of our current future operating performance.

13 123. The statement in ¶ 122 was materially false and misleading at the time it was made
14 because the Company improperly boosted AFFO by misclassifying operational expenditures as
15 Growth CapEx, which artificially inflated AFFO.

16 124. The 2Q21 Report included the following statement on stock-based compensation:
17 *For the six months ended June 30, 2021, the Compensation Committee and/or the Stock*
18 *Award Committee of our Board of Directors, as the case may be, approved the issuance of*
19 *an aggregate of 689,992 shares of restricted stock units ("RSUs") to certain employees,*
20 *including executive officers. These equity awards are subject to vesting provisions and have*
21 *a weighted-average grant date fair value of \$661.05 per share and a weighted-average*
22 *requisite service period of 3.59 years. The valuation of RSUs with only a service condition*
23 *or a service and performance condition require no significant assumptions as the fair value*
24 *for these types of equity awards is based solely on the fair value of our stock price on the*
25 *date of grant. We use revenues and adjusted funds from operations ("AFFO") per share*
26 *as the performance measurements in the RSUs with both service and performance*
27 *conditions that were granted in the six months ended June 30, 2021.*

28 (Emphasis added).

125. The statement in ¶ 124 was materially false and misleading because it omitted that
employees were pressured by management to misclassify operational expenses to boost AFFO,
resulting in increased bonuses.

126. The 2Q21 Report contained the following disclosure regarding infrastructure risk:
Our business depends on providing customers with highly reliable solutions. We must
safehouse our customers' infrastructure and equipment located in our IBX data centers and
ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

Problems at one or more of our IBX data centers or corporate offices, whether or not
within our control, could result in service interruptions or significant infrastructure or
equipment damage. These could result from numerous factors, including but not limited to:

- human error;
- *equipment failure*;
[. . .]
- *power loss*;
[. . .]

We have service level commitment obligations to certain customers. As a result, service interruptions or significant equipment damage in our IBX data centers *could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures.* Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers could also result in lost profits or other indirect or consequential damages to our customers. We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers and we may decide to reach settlements with affected customers irrespective of any such contractual limitations. Any such settlement may result in a reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our results of operations.*

(Emphasis added).

127. The statement in ¶ 126 was materially false and misleading because it omitted that the Company systematically oversold power capacity to its customers, raising the risk of infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

128. On November 4, 2021, Equinix filed with the SEC its quarterly report on Form 10-Q for the period ended September 30, 2021 (the "3Q21 Report"). Attached to the 3Q21 Report were certifications pursuant to SOX signed by Defendants Meyers and Taylor 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.

129. The 3Q21 Report contained the following statement about the Company's internal controls:

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of our "disclosure controls and procedures" as of the end of the period covered by this quarterly report. *Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.*

1 (Emphasis added).

2 130. The statement in ¶ 129 was materially false and misleading at the time it was made
3 because the Company manipulated its financials to boost AFFO.

4 131. The 3Q21 Report contained the following statement regarding the “limitations on the
5 effectiveness of controls”:

6 *Our management, including our Chief Executive Officer and Chief Financial Officer,*
7 *believes that our disclosure controls and procedures and internal control over financial*
8 *reporting are designed and operated to be effective at the reasonable assurance level.*
9 However, our management does not expect that our disclosure controls and procedures or
10 our internal control over financial reporting *will prevent all errors and all fraud.* A control
11 system, no matter how well conceived and operated, *can provide only reasonable, not*
12 *absolute, assurance that the objectives of the control system are met.* Further, the design of
13 a control system must reflect the fact that there are resource constraints, and the benefits of
14 controls must be considered relative to their costs. *Because of the inherent limitations in all*
15 *control systems, no evaluation of controls can provide absolute assurance that all control*
16 *issues and instances of fraud, if any, have been detected.* These inherent limitations include
17 the realities that judgments in decision making can be faulty, and that breakdowns can occur
18 because of a simple error or mistake. *Additionally, controls can be circumvented by the*
19 *individual acts of some persons, by collusion of two or more people or by management*
20 *override of the controls.* The design of any system of controls also is based in part upon
21 certain assumptions about the likelihood of future events, and there can be no assurance that
22 any design will succeed in achieving its stated goals under all potential future conditions;
23 over time, controls may become inadequate because of changes in conditions, or the degree
24 of compliance with policies or procedures may deteriorate. *Because of the inherent*
25 *limitations in a cost-effective control system, misstatements due to error or fraud may*
26 *occur and not be detected.*

19 (Emphasis added).

20 132. The statement in ¶ 131 was materially false and misleading at the time it was made
21 because it couched internal control failures in hypothetical terms. In reality, the Company
22 manipulated its financials to boost AFFO at the time the statement was made.

23 133. The 3Q21 Report contained the following statement about adjusted funds from
24 operations, or “AFFO”:

25 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
26 REIT industry. FFO is calculated in accordance with the standards established by the
27 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
28 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

1 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
2 current or future operating performance. AFFO represents FFO excluding depreciation and
3 amortization expense on non-real estate assets, accretion, stock-based compensation,
4 restructuring charges, impairment charges, transaction costs, an installation revenue
5 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
6 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
7 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
8 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
9 for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
10 adjustments for installation revenue, straight-line rent expense and contract costs are
11 intended to isolate the cash activity included within the straight-lined or amortized results in
12 the consolidated statement of operations. We exclude the amortization of deferred financing
13 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
14 in connection with debt financings that have no current or future cash obligations. We
15 exclude gain (loss) on debt extinguishment since it generally represents the write-off of
16 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
17 future interest costs and is not a good indicator of our current or future operating
18 performance. We include an income tax expense adjustment, which represents the non-cash
19 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
20 taxes that do not relate to current period's operations. We deduct recurring capital
21 expenditures, which represent expenditures to extend the useful life of its IBX data centers
22 or other assets that are required to support current revenues. We also exclude net income
23 (loss) from discontinued operations, net of tax, which represents results that may not recur
24 and are not a good indicator of our current future operating performance.

16 134. The statement in ¶ 133 was materially false and misleading at the time it was made
17 because the Company improperly boosted AFFO by misclassifying operational expenditures as
18 Growth CapEx, which artificially inflated AFFO.

19 135. The 3Q21 Report included the following statement on stock-based compensation:
20 *For the six months ended June 30, 2021, the Compensation Committee and/or the Stock*
21 *Award Committee of our Board of Directors, as the case may be, approved the issuance of*
22 *an aggregate of 689,992 shares of restricted stock units ("RSUs") to certain employees,*
23 *including executive officers. These equity awards are subject to vesting provisions and have*
24 *a weighted-average grant date fair value of \$661.05 per share and a weighted-average*
25 *requisite service period of 3.59 years. The valuation of RSUs with only a service condition*
26 *or a service and performance condition require no significant assumptions as the fair value*
27 *for these types of equity awards is based solely on the fair value of our stock price on the*
28 *date of grant. We use revenues and adjusted funds from operations ("AFFO") per share*
as the performance measurements in the RSUs with both service and performance
conditions that were granted in the six months ended June 30, 2021.

(Emphasis added).

1 136. The statement in ¶ 135 was materially false and misleading because it omitted that
2 employees were pressured by management to misclassify operational expenses to boost AFFO,
3 resulting in increased bonuses.

4 137. The 3Q21 Report contained the following disclosure regarding infrastructure risk:
5 ***Our business depends on providing customers with highly reliable solutions.*** We must
6 safeguard our customers' infrastructure and equipment located in our IBX data centers and
ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

7 ***Problems at one or more of our IBX data centers or corporate offices, whether or not***
8 ***within our control, could result in service interruptions or significant infrastructure or***
9 ***equipment damage.*** These could result from numerous factors, including but not limited to:

- 10 • human error
- 11 • ***equipment failure;***
 [. . .]
- 12 • ***power loss;***
 [. . .]

13 ***We have service level commitment obligations to certain customers. As a result, service***
14 ***interruptions or significant equipment damage in our IBX data centers could result in***
15 ***difficulty maintaining service level commitments to these customers and potential claims***
16 ***related to such failures.*** Because our IBX data centers are critical to many of our customers'
17 businesses, service interruptions or significant equipment damage in our IBX data centers
18 could also result in lost profits or other indirect or consequential damages to our customers.
19 We cannot guarantee that a court would enforce any contractual limitations on our liability
20 in the event that one of our customers brings a lawsuit against us as a result of a problem at
21 one of our IBX data centers and we may decide to reach settlements with affected customers
irrespective of any such contractual limitations. Any such settlement may result in a
reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). ***In***
addition, any loss of service, equipment damage or inability to meet our service level
commitment obligations could reduce the confidence of our customers and could
consequently impair our ability to obtain and retain customers, which would adversely
affect both our ability to generate revenues and our results of operations.

22 (Emphasis added).

23 138. The statement in ¶ 137 was materially false and misleading because it omitted that
24 employees were pressured by management to misclassify operational expenses to boost AFFO,
25 resulting in increased bonuses.

26 139. On February 18, 2022, Equinix filed with the SEC its annual report on Form 10-K
27 for the period ended December 31, 2021 (the "2021 Annual Report"). Attached to the 2021 Annual
28 Report were certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to

1 the accuracy of financial reporting, the disclosure of any material changes to the Company's
2 internal control over financial reporting, and the disclosure of all fraud.

3 140. The 2021 Annual Report contained the following statement about the Company's
4 internal controls:

5 Under the supervision and with the participation of our management, including our Chief
6 Executive Officer and our Chief Financial Officer, we conducted an evaluation of our
7 disclosure controls and procedures, as such term is defined under Rule 13a-15(e)
8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
9 **Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer
concluded that our disclosure controls and procedures were effective at the reasonable
assurance level as of December 31, 2021.**

10 (Emphasis added).

11 141. The statement in ¶ 140 was materially false and misleading at the time it was made
12 because the Company manipulated its financials to boost AFFO.

13 142. The 2021 Annual Report further provided the following management report on
14 internal control over financial reporting:

15 Our management is responsible for establishing and maintaining adequate internal control
16 over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). **Because
of its inherent limitations, internal control over financial reporting may not prevent or
detect misstatements.** Also, projections of any evaluation of effectiveness to future periods
17 are subject to the risk that controls may become inadequate because of changes in
18 conditions, or that the degree of compliance with the policies or procedures may deteriorate.

19 Under the supervision and with the participation of our management, including our Chief
20 Executive Officer and Chief Financial Officer, we conducted an evaluation of the
21 effectiveness of our internal control over financial reporting based on the framework
in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring
Organizations of the Treadway Commission.

22 Based on our evaluation under the framework in *Internal Control – Integrated
23 Framework* (2013), **our management concluded that our internal control over financial
24 reporting was effective as of December 31, 2021.**

25 (Emphasis added).

26 143. The statement in ¶ 142 was materially false and misleading at the time it was made
27 because it couched internal control failures in hypothetical terms. In reality, the Company
28 manipulated its financials to boost AFFO at the time the statement was made.

1 144. The 2021 Annual Report contained the following statement regarding the
2 “limitations on the effectiveness of controls”:

3 *Our management, including our Chief Executive Officer and Chief Financial Officer,*
4 *believes that our disclosure controls and procedures and internal control over financial*
5 *reporting are designed and operated to be effective at the reasonable assurance level.*
6 However, our management does not expect that our disclosure controls and procedures or
7 our internal control over financial reporting *will prevent all errors and all fraud.* A control
8 system, no matter how well conceived and operated, *can provide only reasonable, not*
9 *absolute, assurance that the objectives of the control system are met.* Further, the design of
10 a control system must reflect the fact that there are resource constraints, and the benefits of
11 controls must be considered relative to their costs. *Because of the inherent limitations in all*
12 *control systems, no evaluation of controls can provide absolute assurance that all control*
13 *issues and instances of fraud, if any, have been detected.* These inherent limitations include
14 the realities that judgments in decision making can be faulty, and that breakdowns can occur
15 because of a simple error or mistake. *Additionally, controls can be circumvented by the*
16 *individual acts of some persons, by collusion of two or more people or by management*
17 *override of the controls.* The design of any system of controls is also based in part upon
18 certain assumptions about the likelihood of future events, and there can be no assurance that
19 any design will succeed in achieving its stated goals under all potential future conditions;
20 over time, controls may become inadequate because of changes in conditions, or the degree
21 of compliance with policies or procedures may deteriorate. *Because of the inherent*
22 *limitations in a cost effective control system, misstatements due to error or fraud may*
23 *occur and not be detected.*

24 (Emphasis added).

25 145. The statement in ¶ 144 was materially false and misleading at the time it was made
26 because it couched internal control failures in hypothetical terms. In reality, the Company
27 manipulated its financials to boost AFFO at the time the statement was made.

28 146. The 2021 Annual Report contained the following statement about adjusted funds
from operations, or “AFFO”:

We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
REIT industry. FFO is calculated in accordance with the standards established by the
National Association of Real Estate Investment Trusts. FFO represents net income (loss),
excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

In presenting AFFO, we exclude certain items that we believe are not good indicators of our
current or future operating performance. AFFO represents FFO excluding depreciation and
amortization expense on non-real estate assets, accretion, stock-based compensation,
restructuring charges, impairment charges, transaction costs, an installation revenue

1 adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
2 of deferred financing costs and debt discounts and premiums, gain (loss) on debt
3 extinguishment, an income tax expense adjustment, recurring capital expenditures, net
4 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
5 for unconsolidated joint ventures' and noncontrolling interests' share of these items. The
6 adjustments for installation revenue, straight-line rent expense and contract costs are
7 intended to isolate the cash activity included within the straight-lined or amortized results in
8 the consolidated statement of operations. We exclude the amortization of deferred financing
9 costs and debt discounts and premiums as these expenses relate to the initial costs incurred
10 in connection with debt financings that have no current or future cash obligations. We
11 exclude gain (loss) on debt extinguishment since it generally represents the write-off of
12 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
13 future interest costs and is not a good indicator of our current or future operating
14 performance. We include an income tax expense adjustment, which represents the non-cash
15 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
16 taxes that do not relate to current period's operations. We deduct recurring capital
17 expenditures, which represent expenditures to extend the useful life of its IBX data centers
18 or other assets that are required to support current revenues. We also exclude net income
19 (loss) from discontinued operations, net of tax, which represents results that may not recur
20 and are not a good indicator of our current future operating performance.

13 147. The statement in ¶ 146 was materially false and misleading at the time it was made
14 because the Company improperly boosted AFFO by misclassifying operational expenditures as
15 Growth CapEx, which artificially inflated AFFO.

16 148. The 2021 Annual Report contained the following disclosure regarding infrastructure
17 risk:

18 *Our business depends on providing customers with highly reliable solutions.* We must
19 safeguard our customers' infrastructure and equipment located in our IBX data centers and
20 ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

21 *Problems at one or more of our IBX data centers or corporate offices, whether or not*
22 *within our control, could result in service interruptions or significant infrastructure or*
23 *equipment damage.* These could result from numerous factors, including but not limited to:

- 24 • human error;
- 25 • *equipment failure*;
- 26 [. . .]
- 27 • *power loss*;
- 28 [. . .]

26 *We have service level commitment obligations to certain customers.* As a result, service
27 interruptions or significant equipment damage in our IBX data centers *could result in*
28 *difficulty maintaining service level commitments to these customers and potential claims*
related to such failures. Because our IBX data centers are critical to many of our customers'
businesses, service interruptions or significant equipment damage in our IBX data centers

1 could also result in lost profits or other indirect or consequential damages to our customers.
2 We cannot guarantee that a court would enforce any contractual limitations on our liability
3 in the event that one of our customers brings a lawsuit against us as a result of a problem at
4 one of our IBX data centers and we may decide to reach settlements with affected customers
5 irrespective of any such contractual limitations. Any such settlement may result in a
6 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In
7 addition, any loss of service, equipment damage or inability to meet our service level
8 commitment obligations could reduce the confidence of our customers and could
9 consequently impair our ability to obtain and retain customers, which would adversely
10 affect both our ability to generate revenues and our results of operations.*

7 (Emphasis added).

8 149. The statement in ¶ 148 was materially false and misleading because it omitted that
9 the Company systematically oversold power capacity to its customers, raising the risk of
10 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

11 150. On April 29, 2022, Equinix filed with the SEC its quarterly report on Form 10-Q for
12 the period ended March 31, 2022 (the "1Q22 Report"). Attached to the 1Q22 Report were
13 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
14 financial reporting, the disclosure of any material changes to the Company's internal control over
15 financial reporting, and the disclosure of all fraud.

16 151. The 1Q22 Report contained the following statement about the Company's internal
17 controls:

18 Our management, with the participation of our Chief Executive Officer and our Chief
19 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
20 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
21 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
22 report. *Based on this evaluation, the Chief Executive Officer and Chief Financial Officer
23 concluded that the disclosure controls and procedures were effective as of the end of the
24 period covered by this quarterly report.*

23 (Emphasis added).

24 152. The statement in ¶ 151 was materially false and misleading at the time it was made
25 because the Company manipulated its financials to boost AFFO.

26 153. The 1Q22 Report contained the following statement regarding the "limitations on the
27 effectiveness of controls":
28

1 ***Our management, including our Chief Executive Officer and Chief Financial Officer,***
2 ***believes that our disclosure controls and procedures and internal control over financial***
3 ***reporting are designed and operated to be effective at the reasonable assurance level.***
4 However, our management does not expect that our disclosure controls and procedures or
5 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
6 system, no matter how well conceived and operated, ***can provide only reasonable, not***
7 ***absolute, assurance that the objectives of the control system are met.*** Further, the design of
8 a control system must reflect the fact that there are resource constraints, and the benefits of
9 controls must be considered relative to their costs. ***Because of the inherent limitations in all***
10 ***control systems, no evaluation of controls can provide absolute assurance that all control***
11 ***issues and instances of fraud, if any, have been detected.*** These inherent limitations include
12 the realities that judgments in decision making can be faulty, and that breakdowns can occur
13 because of a simple error or mistake. ***Additionally, controls can be circumvented by the***
14 ***individual acts of some persons, by collusion of two or more people or by management***
15 ***override of the controls.*** The design of any system of controls also is based in part upon
16 certain assumptions about the likelihood of future events, and there can be no assurance that
17 any design will succeed in achieving its stated goals under all potential future conditions;
18 over time, controls may become inadequate because of changes in conditions, or the degree
19 of compliance with policies or procedures may deteriorate. ***Because of the inherent***
20 ***limitations in a cost-effective control system, misstatements due to error or fraud may***
21 ***occur and not be detected.***

22 (Emphasis added).

23 154. The statement in ¶ 153 was materially false and misleading at the time it was made
24 because it couched internal control failures in hypothetical terms. In reality, the Company
25 manipulated its financials to boost AFFO at the time the statement was made.

26 155. The 1Q22 Report contained the following statement about adjusted funds from
27 operations, or “AFFO”:

28 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
REIT industry. FFO is calculated in accordance with the standards established by the
National Association of Real Estate Investment Trusts. FFO represents net income (loss),
excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

In presenting AFFO, we exclude certain items that we believe are not good indicators of our
current or future operating performance. AFFO represents FFO excluding depreciation and
amortization expense on non-real estate assets, accretion, stock-based compensation,
restructuring charges, impairment charges, transaction costs, an installation revenue
adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization
of deferred financing costs and debt discounts and premiums, gain (loss) on debt
extinguishment, an income tax expense adjustment, recurring capital expenditures, net

1 income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO
2 for unconsolidated joint ventures' and noncontrolling interests' share of these items.

3 The adjustments for installation revenue, straight-line rent expense and contract costs are
4 intended to isolate the cash activity included within the straight-lined or amortized results in
5 the condensed consolidated statement of operations. We exclude the amortization of
6 deferred financing costs and debt discounts and premiums as these expenses relate to the
7 initial costs incurred in connection with debt financings that have no current or future cash
8 obligations. We exclude gain (loss) on debt extinguishment since it generally represents the
9 write-off of initial costs incurred in connection with debt financings or a cost that is incurred
10 to reduce future interest costs and is not a good indicator of our current or future operating
11 performance. We include an income tax expense adjustment, which represents the non-cash
12 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
13 taxes that do not relate to current period's operations. We deduct recurring capital
14 expenditures, which represent expenditures to extend the useful life of its IBX data centers
15 or other assets that are required to support current revenues. We also exclude net income
16 (loss) from discontinued operations, net of tax, which represents results that may not recur
17 and are not a good indicator of our current future operating performance.

18 156. The statement in ¶ 155 was materially false and misleading at the time it was made
19 because the Company improperly boosted AFFO by misclassifying operational expenditures as
20 Growth CapEx, which artificially inflated AFFO.

21 157. The 1Q22 Report included the following statement on stock-based compensation:
22 *For the three months ended March 31, 2022, the Compensation Committee and/or the
23 Stock Award Committee of our Board of Directors, as the case may be, granted an
24 aggregate of 750,583 restricted stock units ("RSUs") to certain employees, including
25 executive officers. These equity awards are subject to vesting provisions and have a
26 weighted-average grant date fair value of \$665.53 per share and a weighted-average
27 requisite service period of 3.50 years. The valuation of RSUs with only a service condition
28 or a service and performance condition require no significant assumptions as the fair value
for these types of equity awards is based solely on the fair value of our stock price on the
date of grant. **We use revenues, adjusted funds from operations ("AFFO") per share and
digital services revenues as the performance measurements in the RSUs with both service
and performance conditions that were granted in the three months ended March 31, 2022.***

(Emphasis added).

158. The statement in ¶ 157 was materially false and misleading because it omitted that
employees were pressured by management to misclassify operational expenses to boost AFFO,
resulting in increased bonuses.

159. The 1Q22 Report contained the following disclosure regarding infrastructure risk:

1 *Our business depends on providing customers with highly reliable solutions.* We must
2 safeguard our customers' infrastructure and equipment located in our IBX data centers and
ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

3 *Problems at one or more of our IBX data centers or corporate offices, whether or not*
4 *within our control, could result in service interruptions or significant infrastructure or*
5 *equipment damage.* These could result from numerous factors, including but not limited to:

- 6 • human error;
- 7 • *equipment failure;*
8 [. . .]
- 9 • *power loss;*
10 [. . .]

11 *We have service level commitment obligations to certain customers.* As a result, service
12 interruptions or significant equipment damage in our IBX data centers *could result in*
13 *difficulty maintaining service level commitments to these customers and potential claims*
14 *related to such failures.* Because our IBX data centers are critical to many of our customers'
15 businesses, service interruptions or significant equipment damage in our IBX data centers
16 could also result in lost profits or other indirect or consequential damages to our customers.
17 We cannot guarantee that a court would enforce any contractual limitations on our liability
18 in the event that one of our customers brings a lawsuit against us as a result of a problem at
19 one of our IBX data centers and we may decide to reach settlements with affected customers
20 irrespective of any such contractual limitations. Any such settlement may result in a
21 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In*
22 *addition, any loss of service, equipment damage or inability to meet our service level*
23 *commitment obligations could reduce the confidence of our customers and could*
24 *consequently impair our ability to obtain and retain customers, which would adversely*
25 *affect both our ability to generate revenues and our results of operations.*

18 (Emphasis added).

19 160. The statement in ¶ 159 was materially false and misleading because it omitted that
20 the Company systematically oversold power capacity to its customers, raising the risk of
21 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

22 161. On July 29, 2022, Equinix filed with the SEC its quarterly report on Form 10-Q for
23 the period ended June 30, 2022 (the "2Q22 Report"). Attached to the 2Q22 Report were
24 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
25 financial reporting, the disclosure of any material changes to the Company's internal control over
26 financial reporting, and the disclosure of all fraud.

27 162. The 2Q22 Report contained the following statement about the Company's internal
28 controls:

1 Our management, with the participation of our Chief Executive Officer and our Chief
2 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
3 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
4 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
5 report. ***Based on this evaluation, the Chief Executive Officer and Chief Financial Officer
6 concluded that the disclosure controls and procedures were effective as of the end of the
7 period covered by this quarterly report.***

8 (Emphasis added).

9 163. The statement in ¶ 162 was materially false and misleading at the time it was made
10 because the Company manipulated its financials to boost AFFO.

11 164. The 2Q22 Report contained the following statement regarding the "limitations on the
12 effectiveness of controls":

13 ***Our management, including our Chief Executive Officer and Chief Financial Officer,
14 believes that our disclosure controls and procedures and internal control over financial
15 reporting are designed and operated to be effective at the reasonable assurance level.***
16 However, our management does not expect that our disclosure controls and procedures or
17 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
18 system, no matter how well conceived and operated, ***can provide only reasonable, not
19 absolute, assurance that the objectives of the control system are met.*** Further, the design of
20 a control system must reflect the fact that there are resource constraints, and the benefits of
21 controls must be considered relative to their costs. ***Because of the inherent limitations in all
22 control systems, no evaluation of controls can provide absolute assurance that all control
23 issues and instances of fraud, if any, have been detected.*** These inherent limitations include
24 the realities that judgments in decision making can be faulty, and that breakdowns can occur
25 because of a simple error or mistake. ***Additionally, controls can be circumvented by the
26 individual acts of some persons, by collusion of two or more people or by management
27 override of the controls.*** The design of any system of controls also is based in part upon
28 certain assumptions about the likelihood of future events, and there can be no assurance that
any design will succeed in achieving its stated goals under all potential future conditions;
over time, controls may become inadequate because of changes in conditions, or the degree
of compliance with policies or procedures may deteriorate. ***Because of the inherent
limitations in a cost-effective control system, misstatements due to error or fraud may
occur and not be detected.***

(Emphasis added).

165. The statement in ¶ 164 was materially false and misleading at the time it was made
because it couched internal control failures in hypothetical terms. In reality, the Company
manipulated its financials to boost AFFO at the time the statement was made.

1 166. The 2Q22 Report contained the following statement about adjusted funds from
2 operations, or “AFFO”:

3 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
4 REIT industry. FFO is calculated in accordance with the standards established by the
5 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
6 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
7 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
8 interests' share of these items.

9 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
10 current or future operating performance. AFFO represents FFO excluding depreciation and
11 amortization expense on non-real estate assets, accretion, stock-based compensation, stock-
12 based charitable contributions, restructuring charges, impairment charges, transaction costs,
13 an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost
14 adjustment, amortization of deferred financing costs and debt discounts and premiums, gain
15 (loss) on debt extinguishment, an income tax expense adjustment, recurring capital
16 expenditures, net income (loss) from discontinued operations, net of tax, and adjustments
17 from FFO to AFFO for unconsolidated joint ventures' and noncontrolling interests' share of
18 these items. The adjustments for installation revenue, straight-line rent expense and contract
19 costs are intended to isolate the cash activity included within the straight-lined or amortized
20 results in the condensed consolidated statement of operations. We exclude the amortization
21 of deferred financing costs and debt discounts and premiums as these expenses relate to the
22 initial costs incurred in connection with debt financings that have no current or future cash
23 obligations. We exclude gain (loss) on debt extinguishment since it generally represents the
24 write-off of initial costs incurred in connection with debt financings or a cost that is incurred
25 to reduce future interest costs and is not a good indicator of our current or future operating
26 performance. We include an income tax expense adjustment, which represents the non-cash
27 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
28 taxes that do not relate to current period's operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers
or other assets that are required to support current revenues. We also exclude net income
(loss) from discontinued operations, net of tax, which represents results that may not recur
and are not a good indicator of our current future operating performance.

167. The statement in ¶ 166 was materially false and misleading at the time it was made
because the Company improperly boosted AFFO by misclassifying operational expenditures as
Growth CapEx, which artificially inflated AFFO.

168. The 2Q22 Report included the following statement on stock-based compensation:
***For the six months ended June 30, 2022, the Compensation Committee and/or the Stock
Award Committee of our Board of Directors, as the case may be, granted an aggregate
of 794,013 restricted stock units ("RSUs") to certain employees, including executive
officers. These equity awards are subject to vesting provisions and have a weighted-average
grant date fair value of \$663.94 per share and a weighted-average requisite service period***

1 of 3.51 years. The valuation of RSUs with only a service condition or a service and
2 performance condition require no significant assumptions as the fair value for these types of
3 equity awards is based solely on the fair value of our stock price on the date of grant. *We*
4 *use revenues, adjusted funds from operations ("AFFO") per share and digital services*
5 *revenues as the performance measurements in the RSUs with both service and*
6 *performance conditions that were granted in the six months ended June 30, 2022.*

7 (Emphasis added).

8 169. The statement in ¶ 168 was materially false and misleading because it omitted that
9 employees were pressured by management to misclassify operational expenses to boost AFFO,
10 resulting in increased bonuses.

11 170. The 2Q22 Report contained the following disclosure regarding infrastructure risk:

12 *Our business depends on providing customers with highly reliable solutions.* We must
13 safeguard our customers' infrastructure and equipment located in our IBX data centers and
14 ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

15 Problems at one or more of our IBX data centers or corporate offices, whether or not within
16 our control, could result in service interruptions or significant infrastructure or equipment
17 damage. These could result from numerous factors, including but not limited to:

- 18 • human error;
- 19 • *equipment failure*;
20 [. . .]
- 21 • *power loss*;
22 [. . .]

23 *We have service level commitment obligations to certain customers. As a result, service*
24 *interruptions or significant equipment damage in our IBX data centers could result in*
25 *difficulty maintaining service level commitments to these customers and potential claims*
26 *related to such failures.* Because our IBX data centers are critical to many of our customers'
27 businesses, service interruptions or significant equipment damage in our IBX data centers
28 could also result in lost profits or other indirect or consequential damages to our customers.
We cannot guarantee that a court would enforce any contractual limitations on our liability
in the event that one of our customers brings a lawsuit against us as a result of a problem at
one of our IBX data centers and we may decide to reach settlements with affected customers
irrespective of any such contractual limitations. Any such settlement may result in a
reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In*
addition, any loss of service, equipment damage or inability to meet our service level
commitment obligations could reduce the confidence of our customers and could
consequently impair our ability to obtain and retain customers, which would adversely
affect both our ability to generate revenues and our results of operations.

(Emphasis added).

1 171. The statement in ¶ 170 was materially false and misleading because it omitted that
2 the Company systematically oversold power capacity to its customers, raising the risk of
3 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

4 172. On November 4, 2022, Equinix filed with the SEC its quarterly report on Form 10-Q
5 for the period ended September 30, 2022 (the “3Q22 Report”). Attached to the 3Q22 Report were
6 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
7 financial reporting, the disclosure of any material changes to the Company’s internal control over
8 financial reporting, and the disclosure of all fraud.

9 173. The 3Q22 Report contained the following statement about the Company’s internal
10 controls:

11 Our management, with the participation of our Chief Executive Officer and our Chief
12 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
13 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
14 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
15 report. ***Based on this evaluation, the Chief Executive Officer and Chief Financial Officer
concluded that the disclosure controls and procedures were effective as of the end of the
period covered by this quarterly report.***

16 (Emphasis added).

17 174. The statement in ¶ 173 was materially false and misleading at the time it was made
18 because the Company manipulated its financials to boost AFFO.

19 175. The 3Q22 Report contained the following statement regarding the “limitations on the
20 effectiveness of controls”:

21 ***Our management, including our Chief Executive Officer and Chief Financial Officer,
22 believes that our disclosure controls and procedures and internal control over financial
reporting are designed and operated to be effective at the reasonable assurance level.***
23 However, our management does not expect that our disclosure controls and procedures or
24 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
25 system, no matter how well conceived and operated, ***can provide only reasonable, not
absolute, assurance that the objectives of the control system are met.*** Further, the design of
26 a control system must reflect the fact that there are resource constraints, and the benefits of
27 controls must be considered relative to their costs. ***Because of the inherent limitations in all
control systems, no evaluation of controls can provide absolute assurance that all control
issues and instances of fraud, if any, have been detected.*** These inherent limitations include
28 the realities that judgments in decision making can be faulty, and that breakdowns can occur
because of a simple error or mistake. ***Additionally, controls can be circumvented by the***

1 ***individual acts of some persons, by collusion of two or more people or by management***
2 ***override of the controls.*** The design of any system of controls also is based in part upon
3 certain assumptions about the likelihood of future events, and there can be no assurance that
4 any design will succeed in achieving its stated goals under all potential future conditions;
5 over time, controls may become inadequate because of changes in conditions, or the degree
6 of compliance with policies or procedures may deteriorate. ***Because of the inherent***
7 ***limitations in a cost-effective control system, misstatements due to error or fraud may***
8 ***occur and not be detected.***

9 (Emphasis added).

10 176. The statement in ¶ 175 was materially false and misleading at the time it was made
11 because it couched internal control failures in hypothetical terms. In reality, the Company
12 manipulated its financials to boost AFFO at the time the statement was made.

13 177. The 3Q22 Report contained the following statement about adjusted funds from
14 operations, or “AFFO”:

15 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
16 REIT industry. FFO is calculated in accordance with the standards established by the
17 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
18 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
19 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
20 interests' share of these items.

21 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
22 current or future operating performance. AFFO represents FFO excluding depreciation and
23 amortization expense on non-real estate assets, accretion, stock-based compensation, stock-
24 based charitable contributions, restructuring charges, impairment charges, transaction costs,
25 an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost
26 adjustment, amortization of deferred financing costs and debt discounts and premiums, gain
27 (loss) on debt extinguishment, an income tax expense adjustment, recurring capital
28 expenditures, net income (loss) from discontinued operations, net of tax, and adjustments
from FFO to AFFO for unconsolidated joint ventures' and noncontrolling interests' share of
these items. The adjustments for installation revenue, straight-line rent expense and contract
costs are intended to isolate the cash activity included within the straight-lined or amortized
results in the condensed consolidated statement of operations. We exclude the amortization
of deferred financing costs and debt discounts and premiums as these expenses relate to the
initial costs incurred in connection with debt financings that have no current or future cash
obligations. We exclude gain (loss) on debt extinguishment since it generally represents the
write-off of initial costs incurred in connection with debt financings or a cost that is incurred
to reduce future interest costs and is not a good indicator of our current or future operating
performance. We include an income tax expense adjustment, which represents the non-cash
tax impact due to changes in valuation allowances, uncertain tax positions and deferred
taxes that do not relate to current period's operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers

1 or other assets that are required to support current revenues. We also exclude net income
2 (loss) from discontinued operations, net of tax, which represents results that may not recur
and are not a good indicator of our current future operating performance.

3 178. The statement in ¶ 177 was materially false and misleading at the time it was made
4 because the Company improperly boosted AFFO by misclassifying operational expenditures as
5 Growth CapEx, which artificially inflated AFFO.

6 179. The 3Q22 Report included the following statement on stock-based compensation:
7 ***For the nine months ended September 30, 2022, the Talent, Culture and Compensation***
8 ***Committee and/or the Stock Award Committee of our Board of Directors, as the case may***
9 ***be, granted an aggregate of 856,959 restricted stock units ("RSUs") to certain employees,***
10 including executive officers. These equity awards are subject to vesting provisions and have
11 a weighted-average grant date fair value of \$661.64 per share and a weighted-average
12 requisite service period of 3.52 years. The valuation of RSUs with only a service condition
13 or a service and performance condition require no significant assumptions as the fair value
14 for these types of equity awards is based solely on the fair value of our stock price on the
15 date of grant. ***We use revenues, adjusted funds from operations ("AFFO") per share and***
16 ***digital services revenues as the performance measurements in the RSUs with both service***
17 ***and performance conditions that were granted in the nine months ended September 30,***
18 ***2022.***

14 (Emphasis added).

15 180. The statement in ¶ 179 was materially false and misleading because it omitted that
16 employees were pressured by management to misclassify operational expenses to boost AFFO,
17 resulting in increased bonuses.

18 181. The 3Q22 Report contained the following disclosure regarding infrastructure risk:
19 ***Our business depends on providing customers with highly reliable solutions.*** We must
20 safeguard our customers' infrastructure and equipment located in our IBX data centers and
21 ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

22 ***Problems at one or more of our IBX data centers or corporate offices, whether or not***
23 ***within our control, could result in service interruptions or significant infrastructure or***
24 ***equipment damage.*** These could result from numerous factors, including but not limited to:

- 25 • human error;
- 26 • equipment failure;
[. . .]
- 27 • power loss;
[. . .]

28 ***We have service level commitment obligations to certain customers. As a result, service***
interruptions or significant equipment damage in our IBX data centers could result in
difficulty maintaining service level commitments to these customers and potential claims

1 *related to such failures.* Because our IBX data centers are critical to many of our customers'
2 businesses, service interruptions or significant equipment damage in our IBX data centers
3 could also result in lost profits or other indirect or consequential damages to our customers.
4 We cannot guarantee that a court would enforce any contractual limitations on our liability
5 in the event that one of our customers brings a lawsuit against us as a result of a problem at
6 one of our IBX data centers and we may decide to reach settlements with affected customers
7 irrespective of any such contractual limitations. Any such settlement may result in a
8 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). ***In
addition, any loss of service, equipment damage or inability to meet our service level
commitment obligations could reduce the confidence of our customers and could
consequently impair our ability to obtain and retain customers, which would adversely
affect both our ability to generate revenues and our results of operations.***
(Emphasis added).

9 182. The statement in ¶ 181 was materially false and misleading because it omitted that
10 the Company systematically oversold power capacity to its customers, raising the risk of
11 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

12 183. On February 17, 2023, Equinix filed with the SEC its annual report on Form 10-K
13 for the period ended December 31, 2022 (the "2022 Annual Report").¹ Attached to the 2022 Annual
14 Report were certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to
15 the accuracy of financial reporting, the disclosure of any material changes to the Company's
16 internal control over financial reporting, and the disclosure of all fraud.

17 184. The 2022 Annual Report contained the following statement about the Company's
18 internal controls:

19 Under the supervision and with the participation of our management, including our Chief
20 Executive Officer and our Chief Financial Officer, we conducted an evaluation of our
21 disclosure controls and procedures, as such term is defined under Rule 13a-15(e)
22 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
23 ***Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer
concluded that our disclosure controls and procedures were effective at the reasonable
assurance level as of December 31, 2022.***

24 (Emphasis added).

25 185. The statement in ¶ 184 was materially false and misleading at the time it was made
26 because the Company manipulated its financials to boost AFFO.

27 _____
28 ¹ The amended 2022 10-K, filed on form 10-K/A on February 27, 2023, did not change the
statements discussed herein.

1 186. The 2022 Annual Report further provided the following management report on
2 internal control over financial reporting:

3 Our management is responsible for establishing and maintaining adequate internal control
4 over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). **Because**
5 **of its inherent limitations, internal control over financial reporting may not prevent or**
6 **detect misstatements.** Also, projections of any evaluation of effectiveness to future periods
are subject to the risk that controls may become inadequate because of changes in
conditions, or that the degree of compliance with the policies or procedures may deteriorate.

7 Under the supervision and with the participation of our management, including our Chief
8 Executive Officer and Chief Financial Officer, we conducted an evaluation of the
9 effectiveness of our internal control over financial reporting based on the framework
in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring
Organizations of the Treadway Commission.

10 Based on our evaluation under the framework in *Internal Control – Integrated*
11 *Framework* (2013), **our management concluded that our internal control over financial**
12 **reporting was effective as of December 31, 2022.**

13 (Emphasis added).

14 187. The statement in ¶ 186 was materially false and misleading at the time it was made
15 because it couched internal control failures in hypothetical terms. In reality, the Company
16 manipulated its financials to boost AFFO at the time the statement was made.

17 188. The 2022 Annual Report contained the following statement regarding the
18 “limitations on the effectiveness of controls”:

19 **Our management, including our Chief Executive Officer and Chief Financial Officer,**
20 **believes that our disclosure controls and procedures and internal control over financial**
21 **reporting are designed and operated to be effective at the reasonable assurance level.**
22 However, our management does not expect that our disclosure controls and procedures or
23 our internal control over financial reporting **will prevent all errors and all fraud.** A control
24 system, no matter how well conceived and operated, **can provide only reasonable, not**
25 **absolute, assurance that the objectives of the control system are met.** Further, the design of
26 a control system must reflect the fact that there are resource constraints, and the benefits of
27 controls must be considered relative to their costs. **Because of the inherent limitations in all**
28 **control systems, no evaluation of controls can provide absolute assurance that all control**
issues and instances of fraud, if any, have been detected. These inherent limitations include
the realities that judgments in decision making can be faulty, and that breakdowns can occur
because of a simple error or mistake. **Additionally, controls can be circumvented by the**
individual acts of some persons, by collusion of two or more people or by management
override of the controls. The design of any system of controls is also based in part upon
certain assumptions about the likelihood of future events, and there can be no assurance that

1 any design will succeed in achieving its stated goals under all potential future conditions;
2 over time, controls may become inadequate because of changes in conditions, or the degree
3 of compliance with policies or procedures may deteriorate. ***Because of the inherent
4 limitations in a cost effective control system, misstatements due to error or fraud may
5 occur and not be detected.***

6 (Emphasis added).

7 189. The statement in ¶ 188 was materially false and misleading at the time it was made
8 because it couched internal control failures in hypothetical terms. In reality, the Company
9 manipulated its financials to boost AFFO at the time the statement was made.

10 190. The 2022 Annual Report contained the following statement about adjusted funds
11 from operations, or “AFFO”:

12 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
13 REIT industry. FFO is calculated in accordance with the standards established by the
14 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
15 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
16 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
17 interests' share of these items.

18 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
19 current or future operating performance. AFFO represents FFO excluding depreciation and
20 amortization expense on non-real estate assets, accretion, stock-based compensation, stock-
21 based charitable contributions, restructuring charges, impairment charges, transaction costs,
22 an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost
23 adjustment, amortization of deferred financing costs and debt discounts and premiums, gain
24 (loss) on debt extinguishment, an income tax expense adjustment, recurring capital
25 expenditures, net income (loss) from discontinued operations, net of tax, and adjustments
26 from FFO to AFFO for unconsolidated joint ventures' and noncontrolling interests' share of
27 these items. The adjustments for installation revenue, straight-line rent expense and contract
28 costs are intended to isolate the cash activity included within the straight-lined or amortized
results in the consolidated statement of operations. We exclude the amortization of deferred
financing costs and debt discounts and premiums as these expenses relate to the initial costs
incurred in connection with debt financings that have no current or future cash obligations.
We exclude gain (loss) on debt extinguishment since it generally represents the write-off of
initial costs incurred in connection with debt financings or a cost that is incurred to reduce
future interest costs and is not a good indicator of our current or future operating
performance. We include an income tax expense adjustment, which represents the non-cash
tax impact due to changes in valuation allowances, uncertain tax positions and deferred
taxes that do not relate to current period's operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers
or other assets that are required to support current revenues. We also exclude net income
(loss) from discontinued operations, net of tax, which represents results that may not recur
and are not a good indicator of our current future operating performance.

1 191. The statement in ¶ 190 was materially false and misleading at the time it was made
2 because the Company improperly boosted AFFO by misclassifying operational expenditures as
3 Growth CapEx, which artificially inflated AFFO.

4 192. The 2022 Annual Report contained the following disclosure regarding infrastructure
5 risk:

6 *Our business depends on providing customers with highly reliable solutions.* We must
7 safeguard our customers' infrastructure and equipment located in our IBX data centers and
8 ensure our IBX data centers and non-IBX offices remain operational at all times. [. . .]

9 *Problems at one or more of our IBX data centers or corporate offices, whether or not
10 within our control, could result in service interruptions or significant infrastructure or
11 equipment damage.* These could result from numerous factors, including but not limited to:

- 12 • human error;
- 13 • *equipment failure*;
- 14 [. . .]
- 15 • *power loss*;
- 16 [. . .]

17 *We have service level commitment obligations to certain customers. As a result, service
18 interruptions or significant equipment damage in our IBX data centers could result in
19 difficulty maintaining service level commitments to these customers and potential claims
20 related to such failures.* Because our IBX data centers are critical to many of our customers'
21 businesses, service interruptions or significant equipment damage in our IBX data centers
22 could also result in lost profits or other indirect or consequential damages to our customers.
23 We cannot guarantee that a court would enforce any contractual limitations on our liability
24 in the event that one of our customers brings a lawsuit against us as a result of a problem at
25 one of our IBX data centers and we may decide to reach settlements with affected customers
26 irrespective of any such contractual limitations. Any such settlement may result in a
27 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In
28 addition, any loss of service, equipment damage or inability to meet our service level
commitment obligations could reduce the confidence of our customers and could
consequently impair our ability to obtain and retain customers, which would adversely
affect both our ability to generate revenues and our results of operations.*

(Emphasis added).

193. The statement in ¶ 192 was materially false and misleading because it omitted that
the Company systematically oversold power capacity to its customers, raising the risk of
infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

194. On May 5, 2023, Equinix filed with the SEC its quarterly report on Form 10-Q for
the period ended March 31, 2023 (the "1Q23 Report"). Attached to the 1Q23 Report were

1 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
2 financial reporting, the disclosure of any material changes to the Company's internal control over
3 financial reporting, and the disclosure of all fraud.

4 195. The 1Q23 Report contained the following statement about the Company's internal
5 controls:

6 Our management, with the participation of our Chief Executive Officer and our Chief
7 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
8 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
9 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
10 report. ***Based on this evaluation, the Chief Executive Officer and Chief Financial Officer
concluded that the disclosure controls and procedures were effective as of the end of the
period covered by this quarterly report.***

11 (Emphasis added).

12 196. The statement in ¶ 195 was materially false and misleading at the time it was made
13 because the Company manipulated its financials to boost AFFO.

14 197. The 1Q23 Report contained the following statement regarding the "limitations on the
15 effectiveness of controls":

16 ***Our management, including our Chief Executive Officer and Chief Financial Officer,
believes that our disclosure controls and procedures and internal control over financial
reporting are designed and operated to be effective at the reasonable assurance level.***
17 However, our management does not expect that our disclosure controls and procedures or
18 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
19 system, no matter how well conceived and operated, ***can provide only reasonable, not
absolute, assurance that the objectives of the control system are met.*** Further, the design of
20 a control system must reflect the fact that there are resource constraints, and the benefits of
21 controls must be considered relative to their costs. ***Because of the inherent limitations in all
control systems, no evaluation of controls can provide absolute assurance that all control
issues and instances of fraud, if any, have been detected.*** These inherent limitations include
22 the realities that judgments in decision making can be faulty, and that breakdowns can occur
23 because of a simple error or mistake. ***Additionally, controls can be circumvented by the
individual acts of some persons, by collusion of two or more people or by management
override of the controls.*** The design of any system of controls is also based in part upon
24 certain assumptions about the likelihood of future events, and there can be no assurance that
25 any design will succeed in achieving its stated goals under all potential future conditions;
26 over time, controls may become inadequate because of changes in conditions, or the degree
27 of compliance with policies or procedures may deteriorate. ***Because of the inherent
limitations in a cost-effective control system, misstatements due to error or fraud may
occur and not be detected.***
28

1 (Emphasis added).

2 198. The statement in ¶ 197 was materially false and misleading at the time it was made
3 because it couched internal control failures in hypothetical terms. In reality, the Company
4 manipulated its financials to boost AFFO at the time the statement was made.

5 199. The 1Q23 Report contained the following statement about adjusted funds from
6 operations, or “AFFO”:

7 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
8 REIT industry. FFO is calculated in accordance with the standards established by the
9 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
10 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
11 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
12 interests' share of these items.

13 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
14 current or future operating performance. AFFO represents FFO excluding depreciation and
15 amortization expense on non-real estate assets, accretion, stock-based compensation, stock-
16 based charitable contributions, restructuring charges, impairment charges, transaction costs,
17 an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost
18 adjustment, amortization of deferred financing costs and debt discounts and premiums, gain
19 (loss) on debt extinguishment, an income tax expense adjustment, recurring capital
20 expenditures, net income (loss) from discontinued operations, net of tax, and adjustments
21 from FFO to AFFO for unconsolidated joint ventures' and noncontrolling interests' share of
22 these items. The adjustments for installation revenue, straight-line rent expense and contract
23 costs are intended to isolate the cash activity included within the straight-lined or amortized
24 results in the condensed consolidated statement of operations. We exclude the amortization
25 of deferred financing costs and debt discounts and premiums as these expenses relate to the
26 initial costs incurred in connection with debt financings that have no current or future cash
27 obligations. We exclude gain (loss) on debt extinguishment since it generally represents the
28 write-off of initial costs incurred in connection with debt financings or a cost that is incurred
to reduce future interest costs and is not a good indicator of our current or future operating
performance. We include an income tax expense adjustment, which represents the non-cash
tax impact due to changes in valuation allowances, uncertain tax positions and deferred
taxes that do not relate to current period's operations. We deduct recurring capital
expenditures, which represent expenditures to extend the useful life of its IBX data centers
or other assets that are required to support current revenues. We also exclude net income
(loss) from discontinued operations, net of tax, which represents results that may not recur
and are not a good indicator of our current future operating performance.

1 200. The statement in ¶ 199 was materially false and misleading at the time it was made
2 because the Company improperly boosted AFFO by misclassifying operational expenditures as
3 Growth CapEx, which artificially inflated AFFO.

4 201. The 1Q23 Report included the following statement on stock-based compensation:

5 ***For the three months ended March 31, 2023, the Talent, Culture and Compensation***
6 ***Committee and/or the Stock Award Committee of our Board of Directors, as the case may***
7 ***be, granted an aggregate of 845,473 restricted stock units ("RSUs") to certain employees,***
8 including executive officers. These equity awards are subject to vesting provisions and have
9 a weighted-average grant date fair value of \$685.99 per share and a weighted-average
10 requisite service period of 3.48 years. The valuation of RSUs with only a service condition
11 or a service and performance condition require no significant assumptions as the fair value
12 for these types of equity awards is based solely on the fair value of our stock price on the
13 date of grant. ***We use revenues, adjusted funds from operations ("AFFO") per share and***
14 ***digital services revenues as the performance measurements in the RSUs with both service***
15 ***and performance conditions that were granted in the three months ended March 31, 2023.***

16 (Emphasis added).

17 202. The statement in ¶ 201 was materially false and misleading because it omitted that
18 employees were pressured by management to misclassify operational expenses to boost AFFO,
19 resulting in increased bonuses.

20 203. The 1Q23 Report contained the following disclosure regarding infrastructure risk:

21 ***Our business depends on providing customers with highly reliable solutions.*** We must
22 safeguard our customers' infrastructure and equipment located in our IBX data centers and
23 ensure our IBX data centers and non-IBX business operations remain operational at all
24 times. [. . .]

25 ***Problems at one or more of our IBX data centers or corporate offices, whether or not***
26 ***within our control, could result in service interruptions or significant infrastructure or***
27 ***equipment damage.*** These could result from numerous factors, including but not limited to:

- 28 • human error;
- equipment failure;
 [. . .]
- power loss;
 [. . .]

We have service level commitment obligations to certain customers. As a result, service
 interruptions or significant equipment damage in our IBX data centers could result in
 difficulty maintaining service level commitments to these customers and potential claims
 related to such failures. Because our IBX data centers are critical to many of our customers'
 businesses, service interruptions or significant equipment damage in our IBX data centers
 could also result in lost profits or other indirect or consequential damages to our customers.

1 We cannot guarantee that a court would enforce any contractual limitations on our liability
2 in the event that one of our customers brings a lawsuit against us as a result of a problem at
3 one of our IBX data centers and we may decide to reach settlements with affected customers
4 irrespective of any such contractual limitations. Any such settlement may result in a
5 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). ***In***
6 ***addition, any loss of service, equipment damage or inability to meet our service level***
7 ***commitment obligations could reduce the confidence of our customers and could***
8 ***consequently impair our ability to obtain and retain customers, which would adversely***
9 ***affect both our ability to generate revenues and our results of operations.***

10 (Emphasis added).

11 204. The statement in ¶ 203 was materially false and misleading because it omitted that
12 the Company systematically oversold power capacity to its customers, raising the risk of
13 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

14 205. On August 4, 2023, Equinix filed with the SEC its quarterly report on Form 10-Q for
15 the period ended June 30, 2023 (the "2Q23 Report"). Attached to the 2Q23 Report were
16 certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to the accuracy of
17 financial reporting, the disclosure of any material changes to the Company's internal control over
18 financial reporting, and the disclosure of all fraud.

19 206. The 2Q23 Report contained the following statement about the Company's internal
20 controls:

21 Our management, with the participation of our Chief Executive Officer and our Chief
22 Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
23 Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
24 our "disclosure controls and procedures" as of the end of the period covered by this quarterly
25 report. ***Based on this evaluation, the Chief Executive Officer and Chief Financial Officer***
26 ***concluded that the disclosure controls and procedures were effective as of the end of the***
27 ***period covered by this quarterly report.***

28 (Emphasis added).

207. The statement in ¶ 206 was materially false and misleading at the time it was made
because the Company manipulated its financials to boost AFFO.

208. The 2Q23 Report contained the following statement regarding the "limitations on the
effectiveness of controls":

Our management, including our Chief Executive Officer and Chief Financial Officer,
believes that our disclosure controls and procedures and internal control over financial

1 *reporting are designed and operated to be effective at the reasonable assurance level.*
2 However, our management does not expect that our disclosure controls and procedures or
3 our internal control over financial reporting *will prevent all errors and all fraud.* A control
4 system, no matter how well conceived and operated, *can provide only reasonable, not*
5 *absolute, assurance that the objectives of the control system are met.* Further, the design of
6 a control system must reflect the fact that there are resource constraints, and the benefits of
7 controls must be considered relative to their costs. *Because of the inherent limitations in all*
8 *control systems, no evaluation of controls can provide absolute assurance that all control*
9 *issues and instances of fraud, if any, have been detected.* These inherent limitations include
10 the realities that judgments in decision making can be faulty, and that breakdowns can occur
11 because of a simple error or mistake. *Additionally, controls can be circumvented by the*
12 *individual acts of some persons, by collusion of two or more people or by management*
13 *override of the controls.* The design of any system of controls is also based in part upon
14 certain assumptions about the likelihood of future events, and there can be no assurance that
15 any design will succeed in achieving its stated goals under all potential future conditions;
16 over time, controls may become inadequate because of changes in conditions, or the degree
17 of compliance with policies or procedures may deteriorate. *Because of the inherent*
18 *limitations in a cost-effective control system, misstatements due to error or fraud may*
19 *occur and not be detected.*

20 (Emphasis added).

21 209. The statement in ¶ 208 was materially false and misleading at the time it was made
22 because it couched internal control failures in hypothetical terms. In reality, the Company
23 manipulated its financials to boost AFFO at the time the statement was made.

24 210. The 2Q23 Report contained the following statement about adjusted funds from
25 operations, or “AFFO”:

26 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
27 REIT industry. FFO is calculated in accordance with the standards established by the
28 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

In presenting AFFO, we exclude certain items that we believe are not good indicators of our
current or future operating performance. AFFO represents FFO excluding depreciation and
amortization expense on non-real estate assets, accretion, stock-based compensation, stock-
based charitable contributions, restructuring charges, impairment charges, transaction costs,
an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost
adjustment, amortization of deferred financing costs and debt discounts and premiums, gain
(loss) on debt extinguishment, an income tax expense adjustment, recurring capital
expenditures, net income (loss) from discontinued operations, net of tax, and adjustments
from FFO to AFFO for unconsolidated joint ventures' and non-controlling interests' share of
these items. The adjustments for installation revenue, straight-line rent expense and contract

1 costs are intended to isolate the cash activity included within the straight-lined or amortized
2 results in the condensed consolidated statement of operations. We exclude the amortization
3 of deferred financing costs and debt discounts and premiums as these expenses relate to the
4 initial costs incurred in connection with debt financings that have no current or future cash
5 obligations. We exclude gain (loss) on debt extinguishment since it generally represents the
6 write-off of initial costs incurred in connection with debt financings or a cost that is incurred
7 to reduce future interest costs and is not a good indicator of our current or future operating
8 performance. We include an income tax expense adjustment, which represents the non-cash
9 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
10 taxes that do not relate to current period's operations. We deduct recurring capital
11 expenditures, which represent expenditures to extend the useful life of its IBX data centers
12 or other assets that are required to support current revenues. We also exclude net income
13 (loss) from discontinued operations, net of tax, which represents results that may not recur
14 and are not a good indicator of our current future operating performance.

15 211. The statement in ¶ 210 was materially false and misleading at the time it was made
16 because the Company improperly boosted AFFO by misclassifying operational expenditures as
17 Growth CapEx, which artificially inflated AFFO.

18 212. The 2Q23 Report included the following statement on stock-based compensation:
19 ***For the six months ended June 30, 2023, the Talent, Culture and Compensation***
20 ***Committee and/or the Stock Award Committee of our Board of Directors, as the case may***
21 ***be, granted an aggregate of 891,561 restricted stock units ("RSUs") to certain employees,***
22 including executive officers. These equity awards are subject to vesting provisions and have
23 a weighted-average grant date fair value of \$690.63 per share and a weighted-average
24 requisite service period of 3.45 years. The valuation of RSUs with only a service condition
25 or a service and performance condition require no significant assumptions as the fair value
26 for these types of equity awards is based solely on the fair value of our stock price on the
27 date of grant. ***We use revenues, adjusted funds from operations ("AFFO") per share and***
28 ***digital services revenues as the performance measurements in the RSUs with both service***
and performance conditions that were granted in the six months ended June 30, 2023.

(Emphasis added).

213. The statement in ¶ 212 was materially false and misleading because it omitted that
employees were pressured by management to misclassify operational expenses to boost AFFO,
resulting in increased bonuses.

214. The 2Q23 Report contained the following disclosure regarding infrastructure risk:
Our business depends on providing customers with highly reliable solutions. We must
safeguard our customers' infrastructure and equipment located in our IBX data centers and
ensure our IBX data centers and non-IBX business operations remain operational at all
times. [. . .]

1 ***Problems at one or more of our IBX data centers or corporate offices, whether or not***
2 ***within our control, could result in service interruptions or significant infrastructure or***
3 ***equipment damage.*** These could result from numerous factors, including but not limited to:

- 4 • human error;
- 5 • equipment failure;
- 6 [. . .]
- 7 • power loss;
- 8 [. . .]

9 ***We have service level commitment obligations to certain customers. As a result, service***
10 ***interruptions or significant equipment damage in our IBX data centers could result in***
11 ***difficulty maintaining service level commitments to these customers and potential claims***
12 ***related to such failures.*** Because our IBX data centers are critical to many of our customers'
13 businesses, service interruptions or significant equipment damage in our IBX data centers
14 could also result in lost profits or other indirect or consequential damages to our customers.
15 We cannot guarantee that a court would enforce any contractual limitations on our liability
16 in the event that one of our customers brings a lawsuit against us as a result of a problem at
17 one of our IBX data centers and we may decide to reach settlements with affected customers
18 irrespective of any such contractual limitations. Any such settlement may result in a
19 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). ***In***
20 ***addition, any loss of service, equipment damage or inability to meet our service level***
21 ***commitment obligations could reduce the confidence of our customers and could***
22 ***consequently impair our ability to obtain and retain customers, which would adversely***
23 ***affect both our ability to generate revenues and our results of operations.***

24 (Emphasis added).

25 215. The statement in ¶ 214 was materially false and misleading because it omitted that
26 the Company systematically oversold power capacity to its customers, raising the risk of
27 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

28 216. On October 27, 2023, Equinix filed with the SEC its quarterly report on Form 10-Q
for the period ended September 30, 2023 (the "3Q23 Report"). Attached to the 3Q23 Report were
certifications pursuant to SOX signed by Defendants Meyers and Taylor 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.

217. The 3Q23 Report contained the following statement about the Company's internal
controls:

Our management, with the participation of our Chief Executive Officer and our Chief
Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the
Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of
our "disclosure controls and procedures" as of the end of the period covered by this quarterly

1 report. ***Based on this evaluation, the Chief Executive Officer and Chief Financial Officer***
2 ***concluded that the disclosure controls and procedures were effective as of the end of the***
3 ***period covered by this quarterly report.***

4 (Emphasis added).

5 218. The statement in ¶ 217 was materially false and misleading at the time it was made
6 because the Company manipulated its financials to boost AFFO.

7 219. The 3Q23 Report contained the following statement regarding the “limitations on the
8 effectiveness of controls”:

9 ***Our management, including our Chief Executive Officer and Chief Financial Officer,***
10 ***believes that our disclosure controls and procedures and internal control over financial***
11 ***reporting are designed and operated to be effective at the reasonable assurance level.***

12 However, our management does not expect that our disclosure controls and procedures or
13 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
14 system, no matter how well conceived and operated, ***can provide only reasonable, not***
15 ***absolute, assurance that the objectives of the control system are met.*** Further, the design of
16 a control system must reflect the fact that there are resource constraints, and the benefits of
17 controls must be considered relative to their costs. ***Because of the inherent limitations in all***
18 ***control systems, no evaluation of controls can provide absolute assurance that all control***
19 ***issues and instances of fraud, if any, have been detected.*** These inherent limitations include
20 the realities that judgments in decision making can be faulty, and that breakdowns can occur
21 because of a simple error or mistake. ***Additionally, controls can be circumvented by the***
22 ***individual acts of some persons, by collusion of two or more people or by management***
23 ***override of the controls.*** The design of any system of controls is also based in part upon
24 certain assumptions about the likelihood of future events, and there can be no assurance that
25 any design will succeed in achieving its stated goals under all potential future conditions;
26 over time, controls may become inadequate because of changes in conditions, or the degree
27 of compliance with policies or procedures may deteriorate. ***Because of the inherent***
28 ***limitations in a cost-effective control system, misstatements due to error or fraud may***
occur and not be detected.

(Emphasis added).

220. The statement in ¶ 219 was materially false and misleading at the time it was made
because it couched internal control failures in hypothetical terms. In reality, the Company
manipulated its financials to boost AFFO at the time the statement was made.

221. The 3Q23 Report contained the following statement about adjusted funds from
operations, or “AFFO”:

We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
REIT industry. FFO is calculated in accordance with the standards established by the
National Association of Real Estate Investment Trusts. FFO represents net income (loss),

1 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
2 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

3 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
4 current or future operating performance. AFFO represents FFO excluding depreciation and
5 amortization expense on non-real estate assets, accretion, stock-based compensation, stock-
6 based charitable contributions, restructuring charges, impairment charges, transaction costs,
7 an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost
8 adjustment, amortization of deferred financing costs and debt discounts and premiums, gain
9 (loss) on debt extinguishment, an income tax expense adjustment, recurring capital
10 expenditures, net income (loss) from discontinued operations, net of tax, and adjustments
11 from FFO to AFFO for unconsolidated joint ventures' and non-controlling interests' share of
12 these items. The adjustments for installation revenue, straight-line rent expense and contract
13 costs are intended to isolate the cash activity included within the straight-lined or amortized
14 results in the condensed consolidated statement of operations. We exclude the amortization
15 of deferred financing costs and debt discounts and premiums as these expenses relate to the
16 initial costs incurred in connection with debt financings that have no current or future cash
17 obligations. We exclude gain (loss) on debt extinguishment since it generally represents the
18 write-off of initial costs incurred in connection with debt financings or a cost that is incurred
19 to reduce future interest costs and is not a good indicator of our current or future operating
20 performance. We include an income tax expense adjustment, which represents the non-cash
21 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
22 taxes that do not relate to current period's operations. We deduct recurring capital
23 expenditures, which represent expenditures to extend the useful life of its IBX data centers
24 or other assets that are required to support current revenues. We also exclude net income
25 (loss) from discontinued operations, net of tax, which represents results that may not recur
26 and are not a good indicator of our current future operating performance.

27 222. The statement in ¶ 221 was materially false and misleading at the time it was made
28 because the Company improperly boosted AFFO by misclassifying operational expenditures as
Growth CapEx, which artificially inflated AFFO.

223. The 3Q23 Report included the following statement on stock-based compensation:
***For the nine months ended September 30, 2023, the Talent, Culture and Compensation
Committee and/or the Stock Award Committee of our Board of Directors, as the case may
be, granted an aggregate of 943,224 restricted stock units ("RSUs") to certain employees,
including executive officers. These equity awards are subject to vesting provisions and have
a weighted-average grant date fair value of \$694.34 per share and a weighted-average
requisite service period of 3.52 years. The valuation of RSUs with only a service condition
or a service and performance condition require no significant assumptions as the fair value
for these types of equity awards is based solely on the fair value of our stock price on the
date of grant. We use revenues, adjusted funds from operations ("AFFO") per share and
digital services revenues as the performance measurements in the RSUs with both service***

1 *and performance conditions that were granted in the nine months ended September 30,*
2 *2023.*

3 (Emphasis added).

4 224. The statement in ¶ 223 was materially false and misleading because it omitted that
5 employees were pressured by management to misclassify operational expenses to boost AFFO,
6 resulting in increased bonuses.

7 225. The 3Q23 Report contained the following disclosure regarding infrastructure risk:

8 *Our business depends on providing customers with highly reliable solutions.* We must
9 safeguard our customers' infrastructure and equipment located in our IBX data centers and
10 ensure our IBX data centers and non-IBX business operations remain operational at all
11 times. [. . .]

12 Problems at one or more of our IBX data centers or corporate offices, whether or not within
13 our control, could result in service interruptions or significant infrastructure or equipment
14 damage. These could result from numerous factors, including but not limited to:

- 15 • human error;
- 16 • *equipment failure;*
17 [. . .]
- 18 • *power loss;*
19 [. . .]

20 *We have service level commitment obligations to certain customers.* As a result, service
21 interruptions or significant equipment damage in our IBX data centers *could result in*
22 *difficulty maintaining service level commitments to these customers and potential claims*
23 *related to such failures.* Because our IBX data centers are critical to many of our customers'
24 businesses, service interruptions or significant equipment damage in our IBX data centers
25 could also result in lost profits or other indirect or consequential damages to our customers.
26 We cannot guarantee that a court would enforce any contractual limitations on our liability
27 in the event that one of our customers brings a lawsuit against us as a result of a problem at
28 one of our IBX data centers and we may decide to reach settlements with affected customers
irrespective of any such contractual limitations. Any such settlement may result in a
reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In*
addition, any loss of service, equipment damage or inability to meet our service level
commitment obligations could reduce the confidence of our customers and could
consequently impair our ability to obtain and retain customers, which would adversely
affect both our ability to generate revenues and our results of operations.

(Emphasis added).

226. The statement in ¶ 225 was materially false and misleading because it omitted that
the Company systematically oversold power capacity to its customers, raising the risk of
infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

1 227. On February 16, 2024, Equinix filed with the SEC its annual report on Form 10-K
2 for the period ended December 31, 2023 (the “2023 Annual Report”). Attached to the 2023 Annual
3 Report were certifications pursuant to SOX signed by Defendants Meyers and Taylor attesting to
4 the accuracy of financial reporting, the disclosure of any material changes to the Company’s
5 internal control over financial reporting, and the disclosure of all fraud.

6 228. The 2023 Annual Report contained the following statement about the Company’s
7 internal controls:

8 Under the supervision and with the participation of our management, including our Chief
9 Executive Officer and our Chief Financial Officer, we conducted an evaluation of our
10 disclosure controls and procedures, as such term is defined under Rule 13a-15(e)
11 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
12 ***Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer
concluded that our disclosure controls and procedures were effective at the reasonable
assurance level as of December 31, 2023.***

13 (Emphasis added).

14 229. The statement in ¶ 228 was materially false and misleading at the time it was made
15 because the Company manipulated its financials to boost AFFO.

16 230. The 2023 Annual Report further provided the following management report on
17 internal control over financial reporting:

18 Our management is responsible for establishing and maintaining adequate internal control
19 over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). ***Because
of its inherent limitations, internal control over financial reporting may not prevent or
detect misstatements.*** Also, projections of any evaluation of effectiveness to future periods
20 are subject to the risk that controls may become inadequate because of changes in
21 conditions, or that the degree of compliance with the policies or procedures may deteriorate.

22 Under the supervision and with the participation of our management, including our Chief
23 Executive Officer and Chief Financial Officer, we conducted an evaluation of the
24 effectiveness of our internal control over financial reporting based on the framework
25 in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring
Organizations of the Treadway Commission.

26 Based on our evaluation under the framework in *Internal Control – Integrated
27 Framework* (2013), ***our management concluded that our internal control over financial
reporting was effective as of December 31, 2023.***

28 (Emphasis added).

1 231. The statement in ¶ 230 was materially false and misleading at the time it was made
2 because the Company manipulated its financials to boost AFFO.

3 232. The 2023 Annual Report contained the following statement regarding the
4 “limitations on the effectiveness of controls”:

5 ***Our management, including our Chief Executive Officer and Chief Financial Officer,***
6 ***believes that our disclosure controls and procedures and internal control over financial***
7 ***reporting are designed and operated to be effective at the reasonable assurance level.***
8 However, our management does not expect that our disclosure controls and procedures or
9 our internal control over financial reporting ***will prevent all errors and all fraud.*** A control
10 system, no matter how well conceived and operated, ***can provide only reasonable, not***
11 ***absolute, assurance that the objectives of the control system are met.*** Further, the design of
12 a control system must reflect the fact that there are resource constraints, and the benefits of
13 controls must be considered relative to their costs. ***Because of the inherent limitations in all***
14 ***control systems, no evaluation of controls can provide absolute assurance that all control***
15 ***issues and instances of fraud, if any, have been detected.*** These inherent limitations include
16 the realities that judgments in decision making can be faulty, and that breakdowns can occur
17 because of a simple error or mistake. ***Additionally, controls can be circumvented by the***
18 ***individual acts of some persons, by collusion of two or more people or by management***
19 ***override of the controls.*** The design of any system of controls is also based in part upon
20 certain assumptions about the likelihood of future events, and there can be no assurance that
21 any design will succeed in achieving its stated goals under all potential future conditions;
22 over time, controls may become inadequate because of changes in conditions, or the degree
23 of compliance with policies or procedures may deteriorate. ***Because of the inherent***
24 ***limitations in a cost effective control system, misstatements due to error or fraud may***
25 ***occur and not be detected.***

18 (Emphasis added).

19 233. The statement in ¶ 232 was materially false and misleading at the time it was made
20 because it couched internal control failures in hypothetical terms. In reality, the Company
21 manipulated its financials to boost AFFO at the time the statement was made.

22 234. The 2023 Annual Report contained the following statement about adjusted funds
23 from operations, or “AFFO”:

24 We use FFO and AFFO, which are non-GAAP financial measures commonly used in the
25 REIT industry. FFO is calculated in accordance with the standards established by the
26 National Association of Real Estate Investment Trusts. FFO represents net income (loss),
27 excluding gain (loss) from the disposition of real estate assets, depreciation and amortization
28 on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling
interests' share of these items.

1 In presenting AFFO, we exclude certain items that we believe are not good indicators of our
2 current or future operating performance. AFFO represents FFO excluding depreciation and
3 amortization expense on non-real estate assets, accretion, stock-based compensation, stock-
4 based charitable contributions, restructuring charges, impairment charges, transaction costs,
5 an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost
6 adjustment, amortization of deferred financing costs and debt discounts and premiums, gain
7 (loss) on debt extinguishment, an income tax expense adjustment, recurring capital
8 expenditures, net income (loss) from discontinued operations, net of tax, and adjustments
9 from FFO to AFFO for unconsolidated joint ventures' and noncontrolling interests' share of
10 these items. The adjustments for installation revenue, straight-line rent expense and contract
11 costs are intended to isolate the cash activity included within the straight-lined or amortized
12 results in the consolidated statement of operations. We exclude the amortization of deferred
13 financing costs and debt discounts and premiums as these expenses relate to the initial costs
14 incurred in connection with debt financings that have no current or future cash obligations.
15 We exclude gain (loss) on debt extinguishment since it generally represents the write-off of
16 initial costs incurred in connection with debt financings or a cost that is incurred to reduce
17 future interest costs and is not a good indicator of our current or future operating
18 performance. We include an income tax expense adjustment, which represents the non-cash
19 tax impact due to changes in valuation allowances, uncertain tax positions and deferred
20 taxes that do not relate to the current period's operations. We deduct recurring capital
21 expenditures, which represent expenditures to extend the useful life of IBX data centers or
22 other assets that are required to support current revenues. We also exclude net income (loss)
23 from discontinued operations, net of tax, which represents results that may not recur and are
24 not a good indicator of our current or future operating performance.

25 235. The statement in ¶ 234 was materially false and misleading at the time it was made
26 because the Company improperly boosted AFFO by misclassifying operational expenditures as
27 Growth CapEx, which artificially inflated AFFO.

28 236. The 2023 Annual Report contained the following disclosure regarding infrastructure
risk:

Our business depends on providing customers with highly reliable solutions. We must safeguard our customers' infrastructure and equipment located in our IBX data centers and ensure our IBX data centers and non-IBX business operations remain operational at all times. [. . .]

Problems at one or more of our IBX data centers or corporate offices, whether or not within our control, could result in service interruptions or significant infrastructure or equipment damage. These could result from numerous factors, including but not limited to:

- human error;
- *equipment failure*;
[. . .]
- *power loss*;
[. . .]

1 *We have service level commitment obligations to certain customers. As a result, service*
2 *interruptions or significant equipment damage in our IBX data centers could result in*
3 *difficulty maintaining service level commitments to these customers and potential claims*
4 *related to such failures.* Because our IBX data centers are critical to many of our customers'
5 businesses, service interruptions or significant equipment damage in our IBX data centers
6 could also result in lost profits or other indirect or consequential damages to our customers.
7 We cannot guarantee that a court would enforce any contractual limitations on our liability
8 in the event that one of our customers brings a lawsuit against us as a result of a problem at
9 one of our IBX data centers and we may decide to reach settlements with affected customers
10 irrespective of any such contractual limitations. Any such settlement may result in a
11 reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). *In*
12 *addition, any loss of service, equipment damage or inability to meet our service level*
13 *commitment obligations could reduce the confidence of our customers and could*
14 *consequently impair our ability to obtain and retain customers, which would adversely*
15 *affect both our ability to generate revenues and our results of operations.*

16 (Emphasis added).

17 237. The statement in ¶ 236 was materially false and misleading because it omitted that
18 the Company systematically oversold power capacity to its customers, raising the risk of
19 infrastructure failure, as well as the risk of the Company not fulfilling its contractual obligations.

20 238. The statements referenced in ¶¶ 19, 21, 23, 25, 27, 30, 32, 34, 36, 38, 41, 43, 45, 47,
21 49, 52, 54, 56, 58, 60, 63, 65, 67, 69, 71, 74, 76, 78, 80, 82, 85, 87, 89, 91, 93, 96, 98, 100, 102,
22 104, 107, 109, 111, 113, 115, 118, 120, 122, 124, 126, 129, 131, 133, 135, 137, 140, 142, 144, 146,
23 148, 151, 153, 155, 157, 159, 162, 164, 166, 168, 170, 173, 175, 177, 179, 181, 184, 186, 188, 190,
24 192, 195, 197, 199, 201, 203, 206, 208, 210, 212, 214, 217, 219, 221, 223, 225, 228, and 230
25 above were materially false and/or misleading because they misrepresented and failed to disclose
26 the following adverse facts pertaining to the Company's business which were known to Defendants
27 or recklessly disregarded by them. Specifically, Defendants made false and/or misleading
28 statements and/or failed to disclose that: (1) Equinix manipulated its financials to reduce operational
expenses and boost Adjusted Funds From Operations ("AFFO"); (2) Equinix oversold power
capacity and did not warn of the risks associated with this practice; (3); Equinix lacked adequate
internal controls; and (4) as a result, Defendants' public statements were materially false and/or
misleading at all relevant times.

The Truth Begins to Emerge

1 239. On March 20, 2024, before the market opened, *Hindenburg Research*
2 (“Hindenburg”) released a report on Equinix entitled “Equinix Exposed: Major Accounting
3 Manipulation, Core Business Decay And Selling an AI Pipe Dream As Insiders Cashed Out
4 Hundreds of Millions” (the “Hindenburg Report” or the “Report”).

5 240. The Hindenburg Report contained a slew of allegations against the Company, which
6 can be broadly summarized as follows:

- 7 • Equinix manipulates its profit margin and its AFFO by misclassifying typical
8 operational expenses (such as replacing lightbulbs and batteries), or maintenance
9 CapEx, as growth CapEx;
- 10 • Equinix has relied on an undisclosed and highly risky approach to grow its
11 revenue—overselling power capacity in the hope that the customer will not use all of
12 the power, which could result in facility outages and a failure to fulfill contractual
13 obligations.

14 241. The Hindenburg provided the following background information on the Company:

15 In 2015, Equinix converted [. . .] to a REIT, a tax-advantaged structure that must distribute
16 most of its income to its investors. Immediately following this change, the company reported
17 a spike in reported growth CapEx (called ‘non-recurring CapEx’) on the company’s balance
18 sheet and a withering of reported spending on maintenance CapEx (called ‘recurring
19 CapEx’). ***That shift has sustained Equinix’s stellar non-GAAP AFFO metric and
20 enriched its top executives.***

21 For 10 years, investors have been either unaware of or have given Equinix the benefit of the
22 doubt regarding this shift, convinced that the company has transformed much of its routine
23 maintenance spending into an activity that simultaneously generates more capacity to
24 expand its business.

25 (Emphasis added).

26 242. Hindenburg further stated that “[in 2015], Equinix’s executive incentive plan and
27 long-term performance compensation plan replaced adjusted EBITDA as a key metric with
28 AFFO[.]”

 243. Hindenburg stated the following regarding its findings into how Equinix has raised
its reported AFFO over a multi-year period:

 Our research, however, found that this sustained rise in reported AFFO, driven by shrinking
reported maintenance CapEx, is more financial engineering than *actual* engineering.

1 Our investigation involved interviewing 37 former Equinix employees, industry experts and
2 competitors, along with reviewing financial statements and litigation records.

3 Our investigation found that Equinix (i) bases its executive bonus compensation on the
4 company's AFFO metric (ii) then manipulates its accounting for maintenance CapEx to
5 overstate this AFFO figure, resulting in the illusion of vastly higher AFFO, higher executive
6 bonus compensation and an inflated stock price.

7 244. The Hindenburg Report then noted that “[s]ince one of Equinix’s main costs is
8 maintaining and repairing its data centers, maintenance CapEx [. . .] is a critical factor in
9 determining the company’s AFFO. ***In short, the lower maintenance CapEx Equinix reports, the
10 higher its AFFO will be.***” (Emphasis added).

11 245. The Report stated the following on how REIT investors, as part of the investment
12 process, depend on a REIT to accurately distinguish between maintenance CapEx and growth
13 CapEx:

14 REIT investors rely on companies to accurately account for the split between maintenance
15 CapEx and growth CapEx to assess the profitability of a company’s current operations and
16 its financial commitment to future growth initiatives. ***If a REIT were to inappropriately
17 shift maintenance CapEx into growth CapEx, it would inflate reported current
18 profitability while giving investors the false impression that it is heavily investing into
19 anticipated growth.***

20 (Emphasis added).

21 246. After the 2015 switch from adjusted EBITDA to AFFO as the key metric to
22 determine executive compensation, Hindenburg noted that the Company’s reported maintenance
23 CapEx (which would need to be lower to boost AFFO) “plummeted by 47% to \$120.3 million, or
24 4.4% of total revenue, according to the company’s annual report.” Maintenance CapEx as a
25 percentage of revenue has been low ever since.

26 247. Hindenburg then demonstrated that maintenance CapEx has been lower in the years
27 since the Company’s 2015 conversion to a REIT, and the corresponding switch to AFFO as the key
28 metric to determine executive compensation and the Company’s overall health.

29 248. The Hindenburg Report then discussed maintenance costs at Equinix. Specifically, it
30 stated that “[g]enerally, as physical assets like data centers get older, maintenance costs increase.”
31 Further, Hindenburg quoted an engineer who worked at Equinix’s Secaucus, New Jersey data center

1 (built in 2006) as saying “you would be amazed at the amount of equipment that goes offline, needs
2 to be repaired.”

3 249. The Report then stated that “[c]ontrary to this basic physical reality, Equinix’s
4 maintenance CapEx significantly *declined* as a percentage of revenue over the past decade, from
5 9.3% in 2014 to 2.7% in 2023, despite its facilities aging.”

6 250. Next, Hindenburg discussed how top-down pressure is placed on Equinix employees
7 to classify expense items as growth CapEx, and not maintenance CapEx. The Report stated that “[a]
8 former executive we interviewed explained that accounting teams headed by the Chief Accounting
9 Officer were pressured by management to classify as much CapEx as expansion (growth CapEx) as
10 possible[.]”

11 251. Next, the Hindenburg Report provided examples of how maintenance CapEx is
12 shifted to growth CapEx.

13 252. First, the Report discussed chillers, which were described as a “key piece of data
14 center equipment that helps regulate temperature.” The Report discussed how a “former Equinix
15 director” revealed how “the company would obtain new serial numbers for refurbished chillers so it
16 could then be accounted for as a ‘new’ item post-repair, and sometimes recognized as growth
17 CapEx.” That employee was quoted as saying the following:

18 Chillers are touch ...Chillers stay in place. You don’t replace chillers. All you do is rebuild
19 them. There’s been some debate on this. What happens and what you work towards is you
20 do a chiller overhaul. And you’d work with your chiller vendor to give you a new serial
number on the unit.

21 253. The same former employee said that “[a] new serial number with the unit, for all
22 intents and purposes, looks, talks, walks like a brand new installation.” The same individual said
23 that the practice was “really on the edge” of growth CapEx classification, that on occasion,
24 accounting teams didn’t review the descriptions of the chiller expenditures, in order to lump the
25 expenses into growth CapEx spending, in order to boost AFFO.

26 254. Next, the Report discussed how Equinix would improperly classify routine
27 replacements in its data centers as growth CapEx spending, in order to boost its AFFO.

28

1 255. The Report first focused on how the Company categorized routine battery
2 replacements as growth CapEx spending. The Report first explained that “[i]n data centers, batteries
3 are essential [. . .] to the uninterruptible power supply (UPS), an automated back-up system that can
4 be switched to instantly in case of power issues. UPS batteries are a major replacement cost in any
5 data center, former employees explained to us.”

6 256. The Report quoted a former operations manager, who managed multiple data centers,
7 as saying “[y]ou’re always doing batteries. Someplace, somehow, some way, you’re always doing
8 batteries.” The Report quoted a former executive as saying “[o]ne of the biggest ones [maintenance
9 costs], obviously, is the batteries. You’ve got millions of batteries sitting there.”

10 257. Another former executive was quoted as saying the following about the costs of
11 batteries:

12 This is the largest expense in a data center. Battery replacement. That sucks. That is just
13 money leaving your pocket...It sat there, hopefully did nothing for its lifetime, just sat there
14 getting charged. You never had to use them and then you just replace them.

15 258. The Report then said the “former operations director told us that Equinix would
16 classify routine battery replacements as growth CapEx by characterizing this activity as replacing a
17 ‘battery system’”, which had the effect of boosting the Company’s AFFO metric. The former
18 operations director specifically said the following:

19 So replacing a battery system is a capital improvement. Non-recurring...As long as it’s part
20 of that, as long as you replace the entire battery system, ***All you do is replace the batteries
within the cabinets. And that’s considered the system.***”

21 (Emphasis added).

22 259. The Hindenburg Report then discussed lightbulbs. It stated that “[m]ost companies
23 ***wouldn’t view an activity as mundane as changing light bulbs to be a catalyst for growth. The
24 created accounting minds at Equinix apparently see things differently.***” (Emphasis added). The
25 Report quoted a “former senior Equinix operations manager”, who described changing lightbulbs as
26 a routine, daily operation. This former employee stated the following:

27 You would be surprised how quick these light bulbs blow on this. Thousands of them. Right.
28 So part of the daily inspections is to look at areas where the light bulbs are blown.

1 260. Even in this situation, the Report noted, the Company “found ‘creative’ ways to book
2 things like basic lightbulb replacements as growth CapEx. It quoted a former operations director as
3 saying “[s]ay you changed out fluorescents to LED light bulbs, that’s a capital improvement.
4 *You’re not replacing lightbulbs, you’re enhancing.*” (Emphasis added).

5 261. The Report then included the following exchange between a former Company
6 employee and a Hindenburg researcher:

7 **Former Employee:** Say you have a facility. You need to change light bulbs...Or you had to
8 change all the ballasts in your light fixtures because they were just at age. Which is costly.
9 You need an electrician to come in to take it down. You need to unwire it and rewire it.
10 *Now, if you were to go back in and now convert those fl[u]orescent bulbs or systems with
11 the ballast and the bulbs to an LED light, now you’re performing an ‘energy efficiency
12 project.’”*

13 **Hindenburg Researcher:** And that can be a non-recurring capital expenditure?

14 **Former Employee:** Correct. Absolutely.

15 (Emphasis added).

16 262. The Report then noted that a former Equinix finance director had “expressed
17 surprised” that Hindenburg had found out about the Company’s practices regarding classifying
18 lightbulbs, but then acknowledged that “[t]his is *one of the tricks* that the operations teams use *to
19 say, well, this is not ongoing. This is non-recurring CapEx.*” (Emphasis added).

20 263. Hindenburg further discussed Equinix’s operating margins compared to its peers. It
21 noted the following:

22 In 2023, Equinix reported [. . .] a 17.6% operating margin, almost double the 9.5% margin
23 reported [. . .] by its closest peer, Digital Realty. The margins imply that Equinix is vastly
24 more profitable [. . .], therefore justifying a higher stock multiple.

25 Former employees told us that those abnormally high operating margins were engineered
26 with more accounting trickery. In addition to misclassifying CapEx between maintenance
27 and growth, management pressured employees to **push operating expenses (“OpEx”) into
28 CapEx, sometimes regardless of the nature of the spend.**

29 264. The Report noted that “[r]eclassifying operating expenses as CapEx to boost
30 profitability metrics *is a notorious accounting trick and was at the center of the WorldCom
31 scandal* [. . .] in the early 2000s, in perhaps the best-known example.” (Emphasis added).

1 265. The Report discussed how the accounting department at Equinix would, in many
2 cases, pressure employees from other parts of the Company to reclassify operating expenses as
3 CapEx. The Report quoted a former data center manager as saying that the accounting department
4 viewed operational expenses as “dirty spend”, and would pressure teams to book expenses as
5 CapEx.

6 266. On this issue, the Report said that “[o]ther former employees also described pressure
7 to push operating expenses into CapEx from different teams within Equinix.” It then listed the
8 following employees:

- 9 • “One former data center manager said they felt squeezed by ‘operationally focused
10 accountants’. The Report quoted this former employee as saying “[t]hey would
11 assess all our expenses versus our recurring CapEx... [They were] always trying to
12 squeeze your expenses, your OpEx, because it was ‘dirty spend.’”
- 13 • “A finance director told us teams were overseen by ‘accounting watchdogs’, the
14 accounting team who tried to curtail operating expenses”. The Report quoted this
15 former employee as saying “[y]ou know, you have these accounting watchdogs there
16 to basically try to keep the floodgates tight.” This individual also said “[t]hey
17 [operating teams] have a lot of pressure on the operating budget. So, the operating
18 cost and then they try to squeeze stuff that is kind of gray into the CapEx area and
19 move it out of the OpEx area.”
- 20 • The Report quoted a former M&A manager, who reportedly directly interacted with
21 a finance lead on projects, as saying that “[t]hey [the project’s experts] asked me to
22 do every machination to try to make a CapEx versus OpEx.”

23 267. The Report further stated that, according to a former director, “Equinix would press
24 vendors to create unique SKUs [“stock keeping unit”] to lump basic operating costs into larger
25 purchases, then record it as CapEx[.]” This former director stated, “[s]o you can look for, even as
26 far as buying tool sets. So one might not qualify. ***But if you go over a certain threshold and you
27 buy a set of them, maybe five of them... that’ll count towards your CapEx.***” (Emphasis added).

28 268. This former director further disclosed that Equinix would ask vendors to create new
SKUs:

You can also work with your vendors, your suppliers and create unique SKUs. So if I was
going to buy a tool set that was say \$500, right. Hand a single SKU... Initially that would be
considered OpEx. But if you went to your vendor and you said, ‘hey, why don’t you create a
SKU with a five pack of those tool kits and get me a \$2,500?’ Now it’s CapEx.”

1 269. That former director further stated “it’s very easy to talk to your vendors and say,
2 ‘hey, can you create a new SKU?’ Who’s going to turn down business for that? It’s just as easy for
3 them to turn that around.”

4 270. The Company would also “use the wording of the project to make it sound like a
5 capital improvement.” A former director said that “[t]he other way, what happens is basically
6 wording in such a way that it sounds like a capital improvement. You can get very creative with
7 language.”

8 271. Further, Equinix lumps smaller expenses together in order to book them as CapEx.
9 The Report quoted a former executive as saying “[o]ftentimes, people or groups would try to bundle
10 things to make sure that they were capitalized.” In addition, a “senior leader” stated “[i]f it was over
11 a certain dollar amount, which it typically was, it would have been treated as a non-recurring
12 CapEx... It tended to change. I believe ours was in the \$10,000 range. Which that wasn’t actually a
13 very big check.”

14 272. The Report included the following exchange:

15 **Hindenburg Research:** Was it written up as a threshold of everything below was
operating expense and therefore above you could capitalize?

16 **Former Executive:** Yes. Oftentimes, people or groups would try to bundle things to make
17 sure that they were capitalized.”

18 273. The Report quoted two former employees as saying that \$2,500 and \$3,000 were
19 their respective minimums to categorize expenses as CapEx.

20 274. One of these former employees confirmed that expense items could be capitalized
21 merely by bundling them together, saying “[i]f you just buy one of them it has to be expensed then
22 immediately...So and sometimes you can actually capitalize these things if they are purchased in
23 bulk, like if you buy, for instance, 20 cabinets in one go, then you can capitalize them.”

24 275. The Hindenburg Report stated that the accounting manipulations used to boost
25 AFFO “result in reported metrics that defy logic.” It specifically referred to recurring capital
26 expenditures of \$14.5 million in Q1 2020, and projected recurring CapEx of \$14-34 million for the
27 first quarter of 2024, despite the fact that Equinix now operates 260 data centers and had 51 data
28 centers in Q1 2010.

1 276. The Hindenburg Report questioned Equinix’s reported growth CapEx, given that its
2 billed cabinet growth slowed in 2023. The Report stated the following:

3 Another widely-watched metric that *should* have some relation to growth CapEx *is the*
4 *growth of cabinets*, the [physical enclosed areas] that data centers offer to clients. In its Q3
5 2023 investor call, the CEO mentioned [. . .] *the importance of the metric, saying it would*
6 *“have to be a part of the growth story over time”*.

7 *Given this, one might expect that with Equinix’s massive claimed growth CapEx, billed*
8 *physical cabinet metrics would be growing quickly along with it.*

9 However, while reported growth CapEx stood at all-time highs in 2023, *year-on-year billed*
10 *cabinet growth fell from 14.8% in 2018 to 1.7% in 2023.*

11 (Emphasis added).

12 277. Next, the Report discussed how “Equinix’s questionable AFFO accounting has
13 substantially contributed to \$295.8 million in stock award grants to top executives.” Hindenburg
14 quoted a “former executive” as stating that “[t]here’s every incentive to categorize as much as you
15 can as expansion [growth] CapEx.”

16 278. It then stated that “[a]s noted earlier, in 2015, Equinix changed [. . .] its executive
17 compensation plan to specifically reward AFFO growth, *with 50% of annual incentive pay*
18 *weighted toward AFFO* and 50% to revenue[.]” (Emphasis added). Further, the Report stated that
19 “AFFO has been a key metric in executive performance awards in every year since then.” In 2022,
20 the Report stated that “AFFO per share still remained *one of the key metrics considered in Annual*
21 *Incentive and Long Term Performance Incentives.*” (Emphasis added).

22 279. The Report stated that “[a]s a result, since 2015, senior executives have been
23 awarded ~ \$295.8 million in cumulative stock awards, with stock awards rising almost every year.”

24 280. Hindenburg stated that “[a] former executive told us this compensation policy
25 incentivized executives to push the boundaries on CapEx classification”, and quoted that former
26 executive as saying “[y]ou’re being valued off and you know your executive comp[ensation] is tied
27 to AFFO per share. *There’s every incentive to categorize as much as you can as expansion*
28 *[growth] CapEx...they’re making that case for every questionable piece of CapEx*”. (Emphasis
added).

1 281. In summary, the Report stated, “by *reducing reported maintenance CapEx and*
2 *inflating accounting metrics like AFFO*, Equinix executives *have ensured they personally benefit*
3 from their accounting manipulations.” (Emphasis added).

4 282. The Report then detailed how the Company oversells power capacity, a risky
5 strategy, in order to boost revenue growth:

6 As Equinix’s accounting has worked to classify operating expenses and maintenance CapEx
7 as growth CapEx, our research shows the company has perennially underinvested in actual
8 growth infrastructure.

9 *Instead, it has quietly relied on a risky approach to growing revenue: overselling power*
10 *capacity in the hope that customers won’t increase their usage up to the power they’ve*
11 *contracted for.*

12 (Emphasis added).

13 283. The Report said that “[t]he *idea is that Equinix can oversell power in the hope that*
14 *customers don’t grow into their contracted levels*, a balancing act that can work if customer power
15 usage rates don’t increase.” The Report stated that, as per former employees, “*Equinix doesn’t have*
16 *enough power at some of its facilities to satisfy its current customer contracts[.]*” (Emphasis
17 added).

18 284. The Report quoted a former executive as saying that “[m]ost Equinix data centers are
19 what they call over-utilized anywhere from 120 to 175% of power” and that “[t]hey’re double
20 selling the power as well. The whole thing is like a little bit of a shell game.”

21 285. This strategy is risky. The Report stated that “[a] former executive confirmed the
22 risks of overselling power *include facility outages and a failure to fulfil contractual obligations.*”
23 This former executive further stated that “*it would be a very significant reputational challenge to*
24 *mend I think in order to explain why suddenly you sold capacity you didn’t have.*” (Emphasis
25 added).

26 286. The Report then highlighted a litigation matter where Equinix failed to provide the
27 customer the power that it was contractually obligated to provide:

28 Taking these risks [in reference to overselling capacity] hasn’t always worked out.
Equinix’s failure to provide sufficient power was the subject of at least one customer
lawsuit. In December 2021, Blade Global alleged that it paid over \$1 million to Equinix to

1 secure space and power, but when it came to use the space, Equinix acknowledged that its
2 “servers would require more CFM [(which Hindenburg stated meant “cubic feet per
meter”)] of cooling than its New York facility could provide.

3 (Emphasis added).

4 287. The Report then stated that this issue presents an increasingly serious risk to the
5 Company, given that data center power demand usage is projected to go up over time, as a result of
6 the increasing use of machine learning and artificial intelligence.

7 288. On this news, the price of Equinix stock fell by \$19.70 a share, or 2.33%, on March
8 20, 2024, to close at \$824.88. The next day, it fell a further \$13.24, or 1.6%, to close at \$811.64.

9 289. Then, on March 25, 2020, before the market opened, the Company filed with the
10 SEC a current report on Form 8-K. Attached to this current report was a press release which stated
11 the following, in pertinent part:

12 [T]he Audit Committee of the company’s Board of Directors *has commenced an*
13 *independent investigation to review the matters referenced in a recent short seller report.*
14 Shortly after the release of the report, *the company received a subpoena from the U.S.*
15 *Attorney’s Office for the Northern District of California.* Receipt of these types of
inquiries is not unusual in these circumstances, and Equinix intends to fully cooperate in this
matter. The company does not expect to comment further on such matters until appropriate
to do so.

16 (Emphasis added).

17 290. On this news, the price of Equinix stock fell by \$8.45 per share, or 1.05%, to close at
18 \$792.52 on March 25, 2024.

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

22 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

23 292. 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 otherwise
25 acquired the publicly traded securities of the Company during the Class Period (the “Class”); and
26 were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class
27 are Defendants herein, the officers and directors of the Company, at all relevant times, members of
28

1 their immediate families and their legal representatives, heirs, successors or assigns and any entity
2 in which Defendants have or had a controlling interest.

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

11 294. Plaintiff's claims are typical of the claims of the members of the Class as all
12 members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal
13 law that is complained of herein.

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

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

- 20 • whether the federal securities laws were violated by Defendants' acts as alleged
21 herein;
- 22 • whether statements made by Defendants to the investing public during the Class
23 Period misrepresented material facts about the financial condition, business,
24 operations, and management of the Company;
- 25 • whether Defendants' public statements to the investing public during the Class
26 Period omitted material facts necessary to make the statements made, in light of the
27 circumstances under which they were made, not misleading;

28

- 1 • whether the Individual Defendants caused the Company to issue false and misleading
2 SEC filings and public statements during the Class Period;
- 3 • whether Defendants acted knowingly or recklessly in issuing false and misleading
4 SEC filings and public statements during the Class Period;
- 5 • whether the prices of the Company's securities during the Class Period were
6 artificially inflated because of the Defendants' conduct complained of herein; and
- 7 • whether the members of the Class have sustained damages and, if so, what is the
8 proper measure of damages.

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

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

- 16 • Defendants made public misrepresentations or failed to disclose material facts during
17 the Class Period;
- 18 • the omissions and misrepresentations were material;
- 19 • the Company's securities are traded in efficient markets;
- 20 • the Company's securities were liquid and traded with moderate to heavy volume
21 during the Class Period;
- 22 • the Company traded on the NASDAQ, and was covered by multiple analysts;
- 23 • the misrepresentations and omissions alleged would tend to induce a reasonable
24 investor to misjudge the value of the Company's securities; and
- 25 • Plaintiff and members of the Class purchased and/or sold the Company's securities
26 between the time the Defendants failed to disclose or misrepresented material facts
27 and the time the true facts were disclosed, without knowledge of the omitted or
28 misrepresented facts.

1 305. The Company and the Individual Defendants acted with scienter in that they knew
2 that the public documents and statements issued or disseminated in the name of the Company were
3 materially false and misleading; knew that such statements or documents would be issued or
4 disseminated to the investing public; and knowingly and substantially participated, or acquiesced in
5 the issuance or dissemination of such statements or documents as primary violations of the
6 securities laws. These defendants by virtue of their receipt of information reflecting the true facts of
7 the Company, their control over, and/or receipt and/or modification of the Company's allegedly
8 materially misleading statements, and/or their associations with the Company which made them
9 privy to confidential proprietary information concerning the Company, participated in the
10 fraudulent scheme alleged herein.

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

17 307. As a result of the foregoing, the market price of the Company's securities was
18 artificially inflated during the Class Period. In ignorance of the falsity of the Company's and the
19 Individual Defendants' statements, Plaintiff and the other members of the Class relied on the
20 statements described above and/or the integrity of the market price of the Company's securities
21 during the Class Period in purchasing the Company's securities at prices that were artificially
22 inflated as a result of the Company's and the Individual Defendants' false and misleading
23 statements.

24 308. Had Plaintiff and the other members of the Class been aware that the market price of
25 the Company's securities had been artificially and falsely inflated by the Company's and the
26 Individual Defendants' misleading statements and by the material adverse information which the
27 Company's and the Individual Defendants did not disclose, they would not have purchased the
28 Company's securities at the artificially inflated prices that they did, or at all.

1 each of the Individual Defendants had the power to direct the actions of, and exercised the same to
2 cause, the Company to engage in the unlawful acts and conduct complained of herein. Each of the
3 Individual Defendants exercised control over the general operations of the Company and possessed
4 the power to control the specific activities which comprise the primary violations about which
5 Plaintiff and the other members of the Class complain.

6 316. By reason of the above conduct, the Individual Defendants are liable pursuant to
7 Section 20(a) of the Exchange Act for the violations committed by the Company.

8 **PRAYER FOR RELIEF**

9 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

10 A. Determining that the instant action may be maintained as a class action under Rule
11 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

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

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

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

17 **DEMAND FOR TRIAL BY JURY**

18 Plaintiff hereby demands a trial by jury.

19 Date:

Respectfully submitted,

20
21 **THE ROSEN LAW FIRM, P.A.**

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