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

11 \_\_\_\_\_, INDIVIDUALLY AND ON  
12 BEHALF OF ALL OTHERS SIMILARLY  
13 SITUATED,

14 Plaintiff,

15 v.

16 SUPER MICRO COMPUTER, INC.,  
17 CHARLES LIANG, and DAVID WEIGAND

18 Defendants.

Case No:

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

JURY TRIAL DEMANDED

19 Plaintiff \_\_\_\_\_, individually and on behalf of all other persons similarly situated, by  
20 Plaintiff's undersigned attorneys, alleges in this Complaint the following upon knowledge with  
21 respect to his own acts, and upon facts obtained through an investigation conducted by his counsel,  
22 which included, inter alia: (a) review and analysis of relevant filings made by Super Micro Computer,  
23 Inc. ("SMCI" or the "Company") with the United States Securities and Exchange Commission (the  
24 "SEC"); (b) review and analysis of Defendants' public documents and press releases; and (c)  
25 information readily obtainable on the Internet. Plaintiff believes that further substantial evidentiary  
26 support will exist for the allegations set forth herein after a reasonable opportunity for discovery.  
27 Most of the facts supporting the allegations contained herein are known only to Defendants (defined  
28 below) or are exclusively within their control.

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**NATURE OF THE ACTION**

1. This is a class action on behalf of all persons and entities, who purchased or otherwise acquired publicly traded SMCI securities between August 31, 2023 and August 28, 2024, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

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**JURISDICTION AND VENUE**

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

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

4. Venue is proper in this Judicial District pursuant to Section 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered this district and the Company’s headquarters are located in this district.

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

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**PARTIES**

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

7. Defendant SMCI is a Silicon Valley-based provider of computing platforms.

8. SMCI is incorporated in Delaware, and its head offices are located at 980 Rock Avenue, San Jose, CA 95131.

9. SMCI common stock trades on the NASDAQ Global Select Market (the “NASDAQ”) under the ticker symbol “SMCI.”

1           10. Defendant Charles Liang (“Liang”) has served as the Company’s President, Chief  
2 Executive Officer (“CEO”), and Chairman of the Board since the Company’s inception in September  
3 of 1993.

4           11. Defendant David Weigand (“Weigand”) has served as the Company’s Chief Financial  
5 Officer (“CFO”) since February 21. He previously served as the Company’s Chief Compliance  
6 Officer.

7           12. Defendants Liang and Weigand are collectively referred to herein as the “Individual  
8 Defendants.”

9           13. Each of the Individual Defendants:

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

11                   (b) was directly involved in the day-to-day operations of the Company at the  
12 highest levels;

13                   (c) was privy to confidential proprietary information concerning the Company and  
14 its business and operations;

15                   (d) was directly or indirectly involved in drafting, producing, reviewing and/or  
16 disseminating the false and misleading statements and information alleged herein;

17                   (e) was directly or indirectly involved in the oversight or implementation of the  
18 Company’s internal controls;

19                   (f) was aware of or recklessly disregarded the fact that the false and misleading  
20 statements were being issued concerning the Company; and/or

21                   (g) approved or ratified these statements in violation of the federal securities laws.

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

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

27           16. Defendant SMCI and the Individual Defendants are collectively referred to herein as  
28 “Defendants.”

**SUBSTANTIVE ALLEGATIONS**

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2 17. SMCI, a technology company based in Silicon Valley, describes itself as a provider  
3 of accelerated compute platforms. It sells computer equipment to buyers who utilize the equipment  
4 in data storage and server systems.

5 18. On August 28, 2023, the Company filed with the SEC its Annual Report on Form 10-  
6 K for the fiscal year ended June 30, 2023 (the “2023 Annual Report”). Attached to the 2023 Annual  
7 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants  
8 Liang and Weigand attesting to the accuracy of any material changes to the Company’s internal  
9 control over financial reporting, and the disclosure of all fraud.

10 19. In the 2023 Annual Report, the Company stated the following regarding its controls  
11 and procedures:

12 Management, including our CEO and CFO, assessed our internal control  
13 over financial reporting as of June 30, 2023. In making this assessment,  
14 management used the criteria set forth by the Committee of Sponsoring  
15 Organizations of the Treadway Commission in its Internal Control -  
16 Integrated Framework (2013) (the “COSO Framework”). Based on this  
17 assessment, management has concluded that our internal control over  
18 financial reporting was effective as of June 30, 2023, to provide reasonable  
19 assurance regarding the reliability of financial reporting and preparation of  
20 consolidated financial statements in accordance with U.S. GAAP.

21 20. The statement in ¶ 19 was materially false and misleading because the Company’s  
22 internal controls over financial reporting at that time were not effective.

23 21. The 2023 Annual Report contains a section titled “*Item 13. Certain Relationships and*  
24 *Related Transactions and Director Independence.*”

25 22. While disclosing some other related party transactions, *Item 13* omits mention of the  
26 material related party transactions discussed in this complaint.

27 23. The statements contained in *Item 13* of the 2023 Annual Report were materially false  
28 and misleading because they failed to disclose the existence of multiple related party transactions.

29 24. The failure to adequately disclose material related party transactions also rendered the  
30 Annual Report materially false and misleading because Generally Accepted Accounting Principles  
31 (“GAAP”), and SEC rules, require the disclosure of material related party transactions in financial

1 statements. Financial statements that do not comply with GAAP are presumed to be materially false  
2 and misleading.

3 25. On November 3, 2023, the Company filed with the SEC its 10-Q for the first quarter  
4 ended September 30, 2023 (the “1Q24 10-Q”).

5 26. The 1Q24 10-K stated as follows: “There were no changes in our internal control over  
6 financial reporting during the quarter ended December 31, 2023, that have materially affected, or are  
7 reasonably likely to materially affect, our internal control over financial reporting.”

8 27. The 1Q24 10-Q disclosed certain material related party transactions but is materially  
9 false and misleading as it failed to disclose the existence of multiple related party transactions.

10 28. The failure to adequately disclose material related party transactions also rendered the  
11 SEC filing materially false and misleading because GAAP and SEC rules, require the disclosure of  
12 material related party transactions in financial statements. Financial statements that do not comply  
13 with GAAP are presumed to be materially false and misleading

14 29. On February 2, 2024, the Company filed with the SEC its 10-Q for the fiscal quarter  
15 ended December 31, 2023 (the “2Q24 10-Q”).

16 30. The 2Q24 10-Q stated as follows: “There were no changes in our internal control over  
17 financial reporting during the quarter ended September 30, 2023, that have materially affected, or are  
18 reasonably likely to materially affect, our internal control over financial reporting.”

19 31. The 2Q24 10-Q disclosed certain material related party transactions but is materially  
20 false and misleading as it failed to disclose the existence of multiple related party transactions.

21 32. The failure to adequately disclose material related party transactions also rendered the  
22 SEC filing materially false and misleading because GAAP and SEC rules, require the disclosure of  
23 material related party transactions in financial statements. Financial statements that do not comply  
24 with GAAP are presumed to be materially false and misleading

25 33. On May 6, 2024, the Company filed with the SEC its 10-Q for the fiscal quarter ended  
26 March 31, 2024. (the “3Q24 10-Q”).

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1           43.     The Hindenburg Report revealed that, rather than committing to abide by the law and  
2 foster transparency in the wake of the SEC investigation, the Company instead returned to its old  
3 ways just a few months later.

4           44.     Per the Report, over the next few years, the Company steadily rehired employees that  
5 it had initially let go for their involvement in the revenue recognition scandal, and likewise returned  
6 to its previous improper revenue recognition practices.

7           45.     Among the rehires are Wally Liaw and Phidias Chou, both of whom sat on the  
8 Company's Board of Directors before their resignation during the accounting scandal, and Salim  
9 Fedel, the former Vice President of Sales.

10          46.     The Report quotes a former senior salesperson at the Company as saying, in relation  
11 to the rehired executives, that “[a]lmost all of them are back. Almost all of the people that were let go  
12 that were the cause of this malfeasance.”

13          47.     The Report cites a lawsuit brought by the Company's former Head of Global Services,  
14 Bob Luong, and writes that the complaint specifically alleges, among other issues, that:

- 15           • Revenue was incorrectly allocated to hardware sales rather than service, in the quarter  
16 ending December 2020, to artificially boost reported profit margins.
- 17           • Revenue was prematurely booked even when equipment could not be delivered to and  
18 installed for customers.
- 19           • Revenue was prematurely booked even when products were faulty or not ready for  
20 sale.

21          48.     The authors of the Hindenburg Report independently corroborated the Luong lawsuit's  
22 allegations of improper revenue recognition and inadequate financial controls, interviewing a former  
23 salesperson who informed them that “salespeople worked with distributors of Super Micro, including  
24 Avnet and Tech Data to over-ship product to boost numbers, in what appeared to be a channel stuffing  
25 scheme.”

26          49.     “Channel stuffing” is a deceptive revenue reporting practice whereby companies  
27 inflate sales through over-shipping and over-invoicing products to distributors or customers who may  
28 not have ordered, needed, or been able to sell the products.

1           50.     In all, the Report alleges that the Company continued to engage in channel-stuffing  
2 after being charged by the SEC for doing so.

3           51.     This improper and illegal revenue recognition practice evidences a lack of effective  
4 internal controls over financial reporting.

5           52.     Separately and in addition to the information about the Company’s illegal revenue  
6 recognition practices, the Report revealed that the Company has also been engaging in undisclosed  
7 related party transactions. The Report states, in pertinent part:

8                                 In addition to the concerns around the disclosed related parties, we  
9 found evidence of undisclosed related parties. The youngest brother of  
10 Super Micro’s CEO owns two Taiwan-based entities that make server  
11 components. Media reports and former employees indicate the entities are  
12 Super Micro suppliers.

13                                 Both entities operate out of the Super Micro Science and  
14 Technology Park in Taiwan, but Super Micro has not disclosed related party  
15 transactions with them.

16                                 Another brother of Super Micro’s CEO operates a disclosed related  
17 party but is also the director and shareholder of undisclosed Hong Kong and  
18 Taiwanese entities, which appear to resell Super Micro products and  
19 provide “professional OEM services.” It operates out of the same building  
20 as related party Compuware.

21                                 In addition to the CEO’s brothers, the company has an odd  
22 relationship with a key customer. In February 2024, Super Micro made an  
23 undisclosed investment in tech startup Lambda Labs as part of its \$320  
24 million funding round, per Bloomberg and per a confirmation we received  
25 from Lambda’s COO.

26                                 In October 2023, two related parties run by CEO Liang’s brothers,  
27 one of them partially owned by Super Micro’s CEO, reportedly invested in  
28 small Taiwanese tech company Leadtek. Leadtek’s website advertises  
products almost identical to Super Micro’s, yet Super Micro discloses no  
relationship with Leadtek in what appears to be a clear undisclosed related  
party.

53.     In sum, the Report alleges that the Company consistently fails to report related party  
transactions and investments, and displays a pattern of disregard for their duty to do so.

54.     On this news, the price of SMCI common stock declined by \$14.87, or 2.6%, to close  
at \$547.64 per share on August 27, 2024.



1           62. Plaintiff's claims are typical of the claims of the members of the Class as all members  
2 of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is  
3 complained of herein.

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

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

- 10           • whether the Exchange Act was violated by Defendants' acts as alleged herein;
- 11           • whether statements made by Defendants to the investing public during the Class Period  
12           misrepresented material facts about the business and financial condition of the  
13           Company;
- 14           • whether Defendants' public statements to the investing public during the Class Period  
15           omitted material facts necessary to make the statements made, in light of the  
16           circumstances under which they were made, not misleading;
- 17           • whether the Defendants caused the Company to issue false and misleading filings  
18           during the Class Period;
- 19           • whether Defendants acted knowingly or recklessly in issuing false filings;
- 20           • whether the prices of the Company securities during the Class Period were artificially  
21           inflated because of the Defendants' conduct complained of herein; and
- 22           • whether the members of the Class have sustained damages and, if so, what is the proper  
23           measure of damages.

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



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

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

- 7                   i. employed devices, schemes and artifices to defraud;
- 8                   ii. made untrue statements of material facts or omitted to state material facts  
9                   necessary in order to make the statements made, in light of the circumstances  
10                  under which they were made, not misleading; or
- 11                  iii. engaged in acts, practices and a course of business that operated as a fraud or  
12                  deceit upon plaintiff and others similarly situated in connection with their  
13                  purchases of the Company's securities during the Class Period.

14           73.     Defendants acted with scienter in that they knew that the public documents and  
15 statements issued or disseminated in the name of the Company were materially false and misleading;  
16 knew that such statements or documents would be issued or disseminated to the investing public; and  
17 knowingly and substantially participated, or acquiesced in the issuance or dissemination of such  
18 statements or documents as primary violations of the securities laws. These defendants by virtue of  
19 their receipt of information reflecting the true facts of the Company, their control over, and/or receipt  
20 and/or modification of the Company's allegedly materially misleading statements, and/or their  
21 associations with the Company which made them privy to confidential proprietary information  
22 concerning the Company, participated in the fraudulent scheme alleged herein.

23           74.     Individual Defendants, who are the senior officers of the Company, had actual  
24 knowledge of the material omissions and/or the falsity of the material statements set forth above, and  
25 intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with  
26 reckless disregard for the truth when they failed to ascertain and disclose the true facts in the  
27 statements made by them or any other of the Company's personnel to members of the investing public,  
28 including Plaintiff and the Class.



1 results of operations, and to correct promptly any public statements issued by the Company which  
2 had become materially false or misleading.

3 82. Because of their positions of control and authority as senior officers, the Individual  
4 Defendants were able to, and did, control the contents of the various reports, press releases and public  
5 filings which the Company disseminated in the marketplace during the Class Period concerning the  
6 Company's results of operations. Throughout the Class Period, the Individual Defendants exercised  
7 their power and authority to cause the Company to engage in the wrongful acts complained of herein.  
8 The Individual Defendants therefore, were "controlling persons" of the Company within the meaning  
9 of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct  
10 alleged which artificially inflated the market price of the Company's securities.

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

13 **PRAYER FOR RELIEF**

14 **WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

15 A. Determining that this action is a proper class action, designating Plaintiff as Lead  
16 Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil  
17 Procedure and Plaintiff's counsel as Lead Counsel;

18 B. Awarding compensatory damages in favor of Plaintiff and the other Class members  
19 against all Defendants, jointly and severally, for all damages sustained as a result of Defendants'  
20 wrongdoing, in an amount to be proven at trial, including interest thereon;

21 C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this  
22 action, including counsel fees and expert fees; and

23 D. Such other and further relief as the Court may deem just and proper.

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25 **JURY TRIAL DEMANDED**

26 Plaintiff hereby demands a trial by jury.  
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Dated:

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