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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

AMI - GOVERNMENT EMPLOYEES
PROVIDENT FUND MANAGEMENT
COMPANY LTD., Individually and On Behalf
of All Others Similarly Situated,

Plaintiff,

v.

ALPHABET INC., SUNDAR PICHAI, RUTH
M. PORAT, and PHILIPP SCHINDLER,

Defendants.

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

Plaintiff AMI - Government Employees Provident Fund Management Company Ltd. (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Alphabet Inc. (“Alphabet” or the “Company”), analysts’

1 reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff
2 believes that substantial, additional evidentiary support will exist for the allegations set forth herein after
3 a reasonable opportunity for discovery.

4 **NATURE OF THE ACTION**

5
6 1. This is a federal securities class action on behalf of a class consisting of all persons and
7 entities other than Defendants that purchased or otherwise acquired Alphabet securities between
8 February 4, 2020 and January 23, 2023, both dates inclusive (the “Class Period”), seeking to recover
9 damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under
10 Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5
11 promulgated thereunder, against the Company and certain of its top officials.

12
13 2. Alphabet is a multinational technology conglomerate holding company. It was created
14 through a restructuring of Google Inc. in October 2015, at which point Alphabet became the parent
15 company of Google and several former Google subsidiaries. Alphabet is headquartered in Mountain
16 View, California and incorporated in Delaware. The Company’s Class A and Class C shares trade on
17 the NASDAQ under the ticker symbols “GOOGL” and “GOOG,” respectively.

18
19 3. Alphabet’s subsidiary Google is a dominant player in the field of digital advertising, to
20 the extent that it controls the digital tools that every major website publisher uses to sell advertising
21 space on their websites.

22
23 4. In recent years, Google’s dominance in this industry has drawn regulatory scrutiny. In
24 July 2018, the European Commission (“EC”) fined Google €2.42 billion for promoting its own shopping
25 comparison service at the top of its search results. Less than a year later, in March 2019, the EC fined
26 Google €1.49 billion for preventing rivals from being able to “compete and innovate fairly” in the online
27 advertising market. In June 2019, the U.S. Department of Justice (“DOJ”) reported that it would
28

1 investigate Google for antitrust violations. Then, in October 2020, the DOJ filed an antitrust lawsuit
2 against Google, alleging that it had abused a monopoly position in the search and search advertising
3 markets.

4 5. Throughout the Class Period, Defendants made materially false and misleading
5 statements regarding the Company's business, operations, and compliance policies. Specifically,
6 Defendants made false and/or misleading statements and/or failed to disclose that: (i) Alphabet used its
7 dominance in the field of digital advertising to disadvantage website publishers and advertisers who
8 used competing advertising products; (ii) the foregoing conduct was anticompetitive in nature and likely
9 to draw significant regulatory scrutiny; (iii) Alphabet's revenues were unsustainable to the extent that
10 they were the product of said anticompetitive conduct; (iv) Alphabet's conduct, once revealed, would
11 negatively impact the Company's reputation and expose it to a heightened risk of litigation and
12 regulatory enforcement action; and (v) as a result, the Company's public statements were materially
13 false and misleading at all relevant times.
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16 6. On January 24, 2023, the U.S. Department of Justice and eight states filed an antitrust
17 lawsuit against Alphabet's Google subsidiary, accusing Google of illegally abusing its dominance in
18 digital advertising and violating the Sherman Antitrust Act. The lawsuit alleges, among other things,
19 that "Google abuses its monopoly power to disadvantage website publishers and advertisers who dare
20 to use competing ad tech products in a search for higher quality, or lower cost, matches."
21

22 7. On this news, Alphabet's Class A shares fell \$2.09 per share, or 2.09%, to close at \$97.70
23 per share, while its Class C shares fell \$2.00 per share, or 1.98%, to close at \$99.21 per share, on January
24 24, 2023.
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1 Global Select Market (“NASDAQ”) under the ticker symbols “GOOGL” (Class A) and “GOOG” (Class
2 B).

3 15. Defendant Sundar Pichai (“Pichai”) has served as Alphabet’s Chief Executive Officer at
4 all relevant times.

5 16. Defendant Ruth M. Porat (“Porat”) has served as Alphabet’s Chief Financial Officer at
6 all relevant times.

7 17. Defendant Philipp Schindler (“Schindler”) has served as Alphabet’s Senior Vice
8 President and Chief Business Officer at all relevant times.

9 18. Defendants Pichai, Porat, and Schindler are sometimes referred to herein as the
10 “Individual Defendants.”

11 19. The Individual Defendants possessed the power and authority to control the contents of
12 Alphabet’s SEC filings, press releases, and other market communications. The Individual Defendants
13 were provided with copies of Alphabet’s SEC filings and press releases alleged herein to be misleading
14 prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to
15 cause them to be corrected. Because of their positions with Alphabet, and their access to material
16 information available to them but not to the public, the Individual Defendants knew that the adverse
17 facts specified herein had not been disclosed to and were being concealed from the public, and that the
18 positive representations being made were then materially false and misleading. The Individual
19 Defendants are liable for the false statements and omissions pleaded herein.
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23 **SUBSTANTIVE ALLEGATIONS**

24 **Background**

25 20. Alphabet is a multinational technology conglomerate holding company. It was created
26 through a restructuring of Google Inc. in October 2015, at which point Alphabet became the parent
27
28

1 company of Google and several former Google subsidiaries. Alphabet is headquartered in Mountain
2 View, California and incorporated in Delaware. The Company’s Class A and Class C shares trade on
3 the NASDAQ under the ticker symbols “GOOGL” and “GOOG,” respectively.

4 21. Alphabet’s subsidiary Google is a dominant player in the field of digital advertising, to
5 the extent that it controls the digital tools that every major website publisher uses to sell advertising
6 space on their websites.

7
8 22. In recent years, Google’s dominance in this industry has drawn regulatory scrutiny. In
9 July 2018, the EC fined Google €2.42 billion for promoting its own shopping comparison service at the
10 top of its search results. Less than a year later, in March 2019, the EC fined Google €1.49 billion for
11 preventing rivals from being able to “compete and innovate fairly” in the online advertising market. In
12 June 2019, the U.S. DOJ reported that it would investigate Google for antitrust violations.

13
14 **Materially False and Misleading Statements Issued During the Class Period**

15 23. On February 4, 2020, Alphabet filed an Annual Report on Form 10-K with the SEC,
16 reporting the Company’s financial and operating results for the year ended December 31, 2019 (the
17 “2019 10-K”). In the 2019 10-K’s recitation of the Company’s ongoing “Legal Matters,” Alphabet
18 touted its purported “cooperat[ion] with federal and state regulators in the United States, and other
19 regulators around the world” with respect to antitrust investigations. The Company also stated that the
20 “regulatory and government investigations” to which it was “regularly subject,” including those
21 involving competition, “could result in fines, civil or criminal penalties, or other adverse consequences.”
22 These vague and generalized statements failed to disclose to investors the known specific risks arising
23 from Alphabet’s illicit anticompetitive conduct.

24
25 24. Similarly, the 2019 10-K contained the following representations regarding Google’s
26 advertising products and services:
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28

1 **How we make our money**

2 The goal of our advertising products is to deliver relevant ads at just the right time and to
3 give people useful commercial information, regardless of the device they're using. We also
4 provide advertisers with tools that help them better attribute and measure their advertising
5 campaigns. Our advertising solutions help millions of companies grow their businesses,
6 and we offer a wide range of products across devices and formats. We generate revenues
7 primarily by delivering both performance advertising and brand advertising.

8 • Performance advertising creates and delivers relevant ads that users will click on,
9 leading to direct engagement with advertisers. Most of our performance advertisers pay us
10 when a user engages in their ads. Performance advertising lets our advertisers connect with
11 users while driving measurable results. Our ads tools allow performance advertisers to
12 create simple text-based ads that appear on Google properties and the properties of Google
13 Network Members. In addition, Google Network Members use our platforms to display
14 relevant ads on their properties, generating revenues when site visitors view or click on the
15 ads. We continue to invest in our advertising programs and make significant upgrades.

16 • Brand advertising helps enhance users' awareness of and affinity with advertisers'
17 products and services, through videos, text, images, and other interactive ads that run across
18 various devices. We help brand advertisers deliver digital videos and other types of ads to
19 specific audiences for their brand-building marketing campaigns.

20 We have built a world-class ad technology platform for advertisers, agencies, and
21 publishers to power their digital marketing businesses. We aim to ensure great user
22 experiences by serving the right ads at the right time and by building deep partnerships
23 with brands and agencies. We also seek to improve the measurability of advertising so
24 advertisers know when their campaigns are effective.

25 We have allocated substantial resources to stopping bad advertising practices and
26 protecting users on the web. We focus on creating the best advertising experiences for our
27 users and advertisers in many ways, ranging from filtering out invalid traffic, removing
28 billions of bad ads from our systems every year to closely monitoring the sites, apps, and
29 videos where ads appear and blacklisting them when necessary to ensure that ads do not
30 fund bad content.

31 We continue to look to the future and are making long-term investments that will grow
32 revenues beyond advertising, including Google Cloud, Google Play, hardware, and
33 YouTube. We are also investing in research efforts in AI and quantum computing to foster
34 innovation across our businesses and create new opportunities.

1 In touting these features of Google’s advertising business as the reasons for its success, Alphabet failed
2 to disclose to investors the extent to which its advertising business’s success also depended on illicit
3 anticompetitive conduct, by which it gained market share at the expense of its competitors.

4 25. Rather, in the 2019 10-K’s “Competition” subsection, Alphabet merely stated the
5 following:
6

7 Competing successfully depends heavily on our ability to deliver and distribute innovative
8 products and technologies to the marketplace across our businesses. Specifically, for
advertising, competing successfully depends on attracting and retaining:

- 9 • Users, for whom other products and services are literally one click away, largely
10 on the basis of the relevance of our advertising, as well as the general usefulness, security
and availability of our products and services.
- 11 • Advertisers, primarily based on our ability to generate sales leads, and ultimately
12 customers, and to deliver their advertisements in an efficient and effective manner across
13 a variety of distribution channels.
- 14 • Content providers, primarily based on the quality of our advertiser base, our ability
15 to help these partners generate revenues from advertising, and the terms of our agreements
with them.

16 Again, these representations failed to disclose that for Google, “competing successfully” also entailed
17 engaging in illicit anticompetitive conduct.

18 26. On April 28, 2020, Alphabet issued a press release announcing the Company’s Q1 2020
19 results. Quoting Defendant Porat, the press release stated, in relevant part, “[o]ur business, led by
20 Search, YouTube, and Cloud, drove Alphabet revenues to \$41.2 billion, up 13% versus last year, or 15%
21 on a constant currency basis,” and “[p]erformance was strong during the first two months of the quarter,
22 but then in March we experienced a significant slowdown in ad revenues. We are sharpening our focus
23 on executing more efficiently, while continuing to invest in our long-term opportunities.”
24

25 27. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
26 the Company’s Q1 2020 results (the “Q1 2020 Earnings Call”). During the scripted portion of the Q1
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1 2020 Earnings Call, Defendant Porat stated, in relevant part, “[w]e are redoubling our efforts to help our
2 advertising customers and partners by sharing insights and developing new tools to keep them connected
3 to their customers and help them be best positioned for recovery.”

4 28. On April 29, 2020, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
5 reporting the Company’s financial and operating results for the quarter ended March 31, 2020 (the “Q1
6 2020 10-Q”). The Q1 2020 10-Q contained a substantively similar recitation of the Company’s ongoing
7 “Legal Matters” as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known specific
8 risks arising from Alphabet’s illicit anticompetitive conduct.

9
10 29. On July 30, 2020, Alphabet issued a press release announcing the Company’s Q2 2020
11 results. Quoting Defendant Porat, the press release stated, in relevant part, “[i]n the second quarter our
12 total revenues were \$38.3B, driven by gradual improvement in our ads business and strong growth in
13 Google Cloud and Other Revenues” and “[w]e continue to navigate through a difficult global economic
14 environment.”

15
16 30. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
17 the Company’s Q2 2020 results (the “Q2 2020 Earnings Call”). During the scripted portion of the Q2
18 2020 Earnings Call, Defendant Pichai stated, in relevant part:

19 One area where we have executed really well to improve the user and merchant experience
20 in the last year is shopping. We know that we and merchants face incredible competition
21 for consumer attention and wallets. We are helping merchants lower their costs and
22 improve their reach in a few ways. They can now list their products for free on the Google
23 Shopping tab and on Search helping them drive more traffic and making our results more
24 comprehensive and useful. We also recently announced that sellers on Buy on Google will
25 no longer pay us a commission fee. Plus, we are giving retailers more choice by opening
26 our platform to third-party providers, starting with PayPal and Shopify. Shopping ads also
27 continue to be a great tool for merchants with new visual features for retailers such as smart
28 shopping campaigns that let customers know about free shipping. We are continually
adding more ways for advertisers to reach shoppers.

1 31. In addition, during the Q&A portion of the Q2 2020 Earnings Call, when asked to
2 comment on the regulatory environment, Defendant Pichai responded, in relevant part:

3 On the regulatory front, we've obviously been operating under scrutiny for a while, and we
4 realize, at our scale, that's appropriate. And we've engaged constructively across
5 jurisdictions. And from my standpoint, ***I'm confident in the approach we take, our focus***
6 ***on users and in the evidence in almost all areas we operate in. We expand choice or***
7 ***overall lower prices. And it's -- overall, there's a very fast pace of innovation. So it's***
8 ***dynamic and competitive.***

9 Having said that, obviously, we will operate based on the rules. And so to the extent there
10 are any areas where we need to adapt, we will. And as a company, I think we will be, I
11 think, being flexible around those things is important, I think. I think the scrutiny is going
12 to be here for a while, and so we are committed to working through it.

13 (Emphasis added).

14 32. On July 31, 2020, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
15 reporting the Company's financial and operating results for the quarter ended June 30, 2020 (the "Q2
16 2020 10-Q"). The Q2 2020 10-Q contained a substantively similar recitation of the Company's ongoing
17 "Legal Matters" as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known specific
18 risks arising from Alphabet's illicit anticompetitive conduct.

19 33. Then, in October 2020, the DOJ filed an antitrust lawsuit against Google, alleging that it
20 had abused a monopoly position in the search and search advertising markets. A press release published
21 by the DOJ stated, in relevant part, "[a]s alleged in the Complaint, Google has entered into a series of
22 exclusionary agreements that collectively lock up the primary avenues through which users access
23 search engines, and thus the internet, by requiring that Google be set as the preset default general search
24 engine on billions of mobile devices and computers worldwide and, in many cases, prohibiting
25 preinstallation of a competitor."

26 34. On October 29, 2020, Alphabet issued a press release announcing the Company's Q3
27 2020 results. Quoting Defendant Porat, the press release stated, in relevant part, "[t]otal revenues of
28

1 \$46.2 billion in the third quarter reflect broad based growth led by an increase in advertiser spend in
2 Search and YouTube as well as continued strength in Google Cloud and Play,” and “[w]e remain focused
3 on making the right investments to support long term sustainable value.”

4 35. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
5 the Company’s Q3 2020 results (the “Q3 2020 Earnings Call”). During the scripted portion of the Q3
6 2020 Earnings Call, Defendant Pichai stated, in relevant part, “[w]e remain committed to investing to
7 build the most helpful, most trusted search experience. Just we have for the last 22 years. On that note
8 regarding the DOJ’s lawsuit, we believe that our products are creating significant consumer benefits and
9 will confidently make our case. Our company’s focus remains on continuing our work to build a search
10 product that people love and value.”
11

12 36. In addition, during the Q&A portion of the Q3 2020 Earnings Call, when asked a question
13 regarding the DOJ lawsuit, Defendant Pichai responded, in relevant part:
14

15 We are -- our mission is to provide information, so the competitive environment we face,
16 particularly with mobile and user looking for information, there’s – so many choices they
17 have. And so the question is, you know, making should Google is a relevant way by which
18 they get that information. And, you know, you can imagine when people are looking to buy
19 products, or the competitors that exist, travel, booking hotels or any category you take and
20 so for us that’s why I talk about holistically competing and making sure we can provide
21 relevant information is both competition we face for mindshare, and that’s the opportunity
22 we have ahead.

23 In terms of specifics of the DOJ case and stuff and confident, you know, we have
24 approached everything, both with the view of making sure we create the best user
25 experience and be -- we really want, we’ve always built Google for everyone. So we want
26 it to be available on all platforms and be convenient for users to access our services and as
27 part of that partner with other companies in doing so. And so [we] look forward to making
28 our case there.

37. On October 30, 2020, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
reporting the Company’s financial and operating results for the quarter ended September 30, 2020 (the
“Q3 2020 10-Q”). The Q3 2020 10-Q contained a substantively identical recitation of the Company’s

1 ongoing “Legal Matters” as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known
2 specific risks arising from Alphabet’s illicit anticompetitive conduct.

3 38. On February 2, 2021, Alphabet issued a press release announcing the Company’s Q4 and
4 fiscal year 2020 results. Quoting Defendant Porat, the press release stated, in relevant part, “[o]ur strong
5 fourth quarter performance, with revenues of \$56.9 billion, was driven by Search and YouTube, as
6 consumer and business activity recovered from earlier in the year. Google Cloud revenues were \$13.1
7 billion for 2020, with significant ongoing momentum, and we remain focused on delivering value across
8 the growth opportunities we see.”

9
10 39. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
11 the Company’s Q4 and fiscal year 2020 results (the “Q4 2020 Earnings Call”). During the scripted
12 portion of the Q4 2020 Earnings Call, Defendant Schindler stated, in relevant part, “[w]e’ve taken
13 significant steps to accelerate an open ecosystem for online retail that benefits businesses of all sizes,
14 from large online household names to your neighborhood store just around the corner. We’ve long said
15 that we want to make Google the best place for users to start their shopping journeys, regardless of where
16 those journeys end.”

17
18 40. On February 3, 2021, Alphabet filed an Annual Report on Form 10-K with the SEC,
19 reporting the Company’s financial and operating results for the year ended December 31, 2020 (the
20 “2020 10-K”). The 2020 10-K contained substantively similar descriptions of the Company’s ongoing
21 legal matters, competition, and Google’s advertising products and services, as discussed, *supra*, in ¶¶
22 23-25.

23
24 41. On April 27, 2021, Alphabet issued a press release announcing the Company’s Q1 2021
25 results. Quoting Defendant Porat, the press release stated, in relevant part, “[t]otal revenues of \$55.3
26 billion in the first quarter reflect elevated consumer activity online and broad based growth in advertiser
27
28

1 revenue. We're very pleased with the ongoing momentum in Google Cloud, with revenues of \$4.0
2 billion in the quarter reflecting strength and opportunity in both GCP and Workspace.”

3 42. On April 28, 2021, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
4 reporting the Company's financial and operating results for the quarter ended March 31, 2021 (the “Q1
5 2021 10-Q”). The Q1 2021 10-Q contained a substantively similar recitation of the Company's ongoing
6 “Legal Matters” as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known specific
7 risks arising from Alphabet's illicit anticompetitive conduct.
8

9 43. On July 27, 2021, Alphabet issued a press release announcing the Company's Q2 2021
10 results. Quoting Defendant Porat, the press release stated, in relevant part, “[o]ur strong second quarter
11 revenues of \$61.9 billion reflect elevated consumer online activity and broad-based strength in advertiser
12 spend. Again, we benefited from excellent execution across the board by our teams.”
13

14 44. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
15 the Company's Q2 2021 results (the “Q2 2021 Earnings Call”). During the scripted portion of the Q2
16 2021 Earnings Call, Defendant Pichai stated, in relevant part, “we have sent more traffic to third-party
17 websites than any year prior, in addition to generating billions of direct connections like phone calls,
18 directions, ordering food and making reservations that drove customers and revenue to businesses
19 around the world that are working to get back on their feet.”
20

21 45. On July 28, 2021, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
22 reporting the Company's financial and operating results for the quarter ended June 30, 2021 (the “Q2
23 2021 10-Q”). The Q2 2021 10-Q contained a substantively similar recitation of the Company's ongoing
24 “Legal Matters” as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known specific
25 risks arising from Alphabet's illicit anticompetitive conduct.
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1 46. On October 26, 2021, Alphabet issued a press release announcing the Company’s Q3
2 2021 results. Quoting Defendant Porat, the press release stated, in relevant part: “[o]ur consistent
3 investments to support long-term growth are reflected in strong financial performance, with revenues of
4 \$65.1 billion in the quarter. We continued to deliver across our business by providing helpful and
5 valuable experiences for both consumers and our partners.”

6
7 47. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
8 the Company’s Q3 2021 results (the “Q3 2021 Earnings Call”). During the Q&A portion of the Q3
9 2021 Earnings Call, when asked how “the value proposition of search will change going forward and
10 what can [Alphabet] do even more than [its] done before to take advantage of what looks like real
11 challenges and the ability to target and measure becomes the mobile search,” Defendant Porat
12 responded, in relevant part:

13
14 And we’re always asking ourselves the same questions, right? How do we drive better
15 answers to queries especially on search, especially including those with commercial intent.
16 How do you use machine learning to deliver even more relevant and higher-quality
17 experiences for users that drive higher clicks and more conversions for advertisers. So
18 really our main goal is to consistently deliver great experiences for users, drive incremental
19 value for partners, and making them successful.

20 48. On October 27, 2021, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
21 reporting the Company’s financial and operating results for the quarter ended September 30, 2021 (the
22 “Q3 2021 10-Q”). The Q3 2021 10-Q contained a substantively similar recitation of the Company’s
23 ongoing “Legal Matters” as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known
24 specific risks arising from Alphabet’s illicit anticompetitive conduct.

25 49. On February 1, 2022, Alphabet issued a press release announcing the Company’s Q4 and
26 fiscal year 2021 results. The press release stated, in relevant part:

27 Sundar Pichai, CEO of Alphabet and Google, said: “Our deep investment in AI
28 technologies continues to drive extraordinary and helpful experiences for people and
businesses, across our most important products. ***Q4 saw ongoing strong growth in our***

1 *advertising business, which helped millions of businesses thrive and find new customers,*
2 a quarterly sales record for our Pixel phones despite supply constraints, and our Cloud
3 business continuing to grow strongly.”

4 Ruth Porat, CFO of Alphabet and Google, said: “Our fourth quarter revenues of \$75 billion,
5 up 32% year over year, reflected *broad-based strength in advertiser spend* and strong
6 consumer online activity, as well as substantial ongoing revenue growth from Google
7 Cloud. Our investments have helped us drive this growth by delivering the services that
8 people, our partners and businesses need, and we continue to invest in long-term
9 opportunities.”

10 (Emphases added).

11 50. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
12 the Company’s fiscal and Q4 2021 results (the “Q4 2021 Earnings Call”). During the Q&A portion of
13 the Q4 2021 Earnings Call, when asked where Alphabet “see[s] the most opportunity for innovation to
14 really drive more value for advertisers in nonretail verticals as we go into 2022,” Defendant Schindler
15 responded, in relevant part:

16 So the first one, obviously, are we the best place users turn when they need information or
17 want to discover and be inspired. So things like queries and discover. And we’re focused
18 on providing better and more comprehensive answers to more types of questions, and we
19 need to obviously deliver high-quality relevant info for all types of queries, including ones
20 where they may be looking for a specific brand or product or just look for an inspiration.
21 And how people search is changing, and it needs to become more multimodal, more
22 conversational. So what does that mean for ads, for example. So getting user experience
23 right across commercial quarries is essential way beyond, obviously, the area that you
24 mentioned. And there is a lot of innovation that goes into this.

25 The second part is really are we providing the most relevant ads when and where consumers
26 are. And we only want to show ads when they’re helpful to people. On 80% of the searches
27 actually, we show no top ads and most of the ads that you see are on searches with
28 commercial intent. And yes, we’re -- for those with commercial interest, the question is
29 really how do we provide the best answer in a way that’s meaningful to users and where
30 advertisers actually have something relevant to offer.

31 51. On February 2, 2022, Alphabet filed an Annual Report on Form 10-K with the SEC,
32 reporting the Company’s financial and operating results for the year ended December 31, 2021 (the
33 “2021 10-K”). The 2021 10-K contained substantively similar descriptions of the Company’s ongoing

1 legal matters, competition, and Google’s advertising products and services, as discussed, *supra*, in ¶¶
2 23-25.

3 52. On April 27, 2022, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
4 reporting the Company’s financial and operating results for the quarter ended March 31, 2022 (the “Q1
5 2022 10-Q”). The Q1 2022 10-Q contained a substantively similar recitation of the Company’s ongoing
6 “Legal Matters” as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known specific
7 risks arising from Alphabet’s illicit anticompetitive conduct.
8

9 53. On July 26, 2022, Alphabet issued a press release announcing the Company’s Q2 2022
10 results. Quoting Defendant Porat, the press release stated, in relevant part, “[o]ur consistent investments
11 to support long-term growth are reflected in our solid performance in the second quarter, with revenues
12 of \$69.7 billion in the quarter, up 13% versus last year or 16% on a constant currency basis. We are
13 focused on responsible capital allocation in support of our growth opportunities.”
14

15 54. That same day, Alphabet hosted an earnings call with investors and analysts to discuss
16 the Company’s Q2 2022 results (the “Q2 2022 Earnings Call”). During the Q&A portion of the Q2
17 2022 Earnings Call, when asked to discuss the composition of Alphabet’s advertising base, Defendant
18 Schindler responded, in relevant part:

19 It’s a broad question you’re asking, if you’re leaning a little bit more towards the total
20 addressable market here. Let me reiterate what I said before. We’re not just addressing
21 above-the-line marketing budgets, like traditional advertising or television advertising.
22 There’s a lot of upside that we’ve seen below the line, budgets, whether it’s promotional
23 pricing, product placements, sponsorships and so on, and the comps -- we see cuts across
24 the universe of different players, sectors, verticals that I just described. ***But in the end, our
mingle is on delivering great experiences for our users and driving incremental ROI for
advertisers and then making them successful across all this big universe of sectors I just
talked about.*** And I’m positive that budget should continue to move our ways as long as
25 we stay focused on this one.

26 (Emphasis added.)
27
28

1 55. Later during the Q&A portion of the Q2 2022 Earnings Call, when asked what Alphabet
2 was doing “in search from a product perspective to keep that retail category as strong as it is,” Defendant
3 Schindler responded, in relevant part:

4 From a trend perspective, you’re absolutely right, omnichannel remains the way to win,
5 retailers continue to build their digital presence to drive both online and offline sales, and
6 we’re obviously helping them do it. Over the last few quarters, I think I’ve talked quite a
7 bit about the ways how we’re doing this in Q2. ***Like in Q1, we saw a year-over-year
8 increase in adoption of, for example, local inventory ads. These are mobile first and
9 location-based and helping businesses of all sizes showcase their products and stock, in-
10 store, online or available for store, curbside pickup, all different variations.*** Additionally,
we’re midway through the migration from smart shopping campaigns into Performance
Max, which you also mentioned, and advertisers have been pleased with increased reach
and the increased performance.

11 ***And our focus really has always been on building tools and features that help both,
12 offline and online businesses connect directly with these customers across our platforms.***
And we’re excited about what’s next for retail commerce across our services, especially
Search and YouTube. And we will remain focused on building helpful great products and
13 experiences for both, users and these businesses.

14 (Emphasis added.)

15 56. On July 27, 2022, Alphabet filed a Quarterly Report on Form 10-Q with the SEC,
16 reporting the Company’s financial and operating results for the quarter ended June 30 2022 (the “Q2
17 2022 10-Q”). The Q2 2022 10-Q contained a substantively similar recitation of the Company’s ongoing
18 “Legal Matters” as discussed, *supra*, in ¶ 23, which failed to disclose to investors the known specific
19 risks arising from Alphabet’s illicit anticompetitive conduct.

20 57. On October 25, 2022, Alphabet issued a press release announcing the Company’s Q3
21 2022 results. Quoting Defendant Porat, the press release stated, in relevant part, “[o]ur third quarter
22 revenues were \$69.1 billion, up 6% versus last year or up 11% on a constant currency basis. Financial
23 results for the third quarter reflect healthy fundamental growth in Search and momentum in Cloud, while
24 affected by foreign exchange. We’re working to realign resources to fuel our highest growth priorities.”
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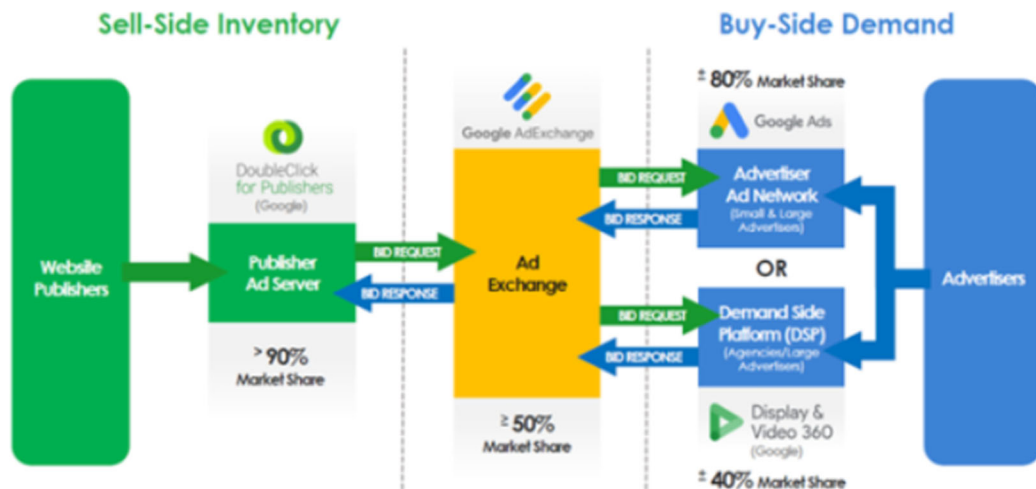
1 Today, the Justice Department, along with the Attorneys General of California, Colorado,
 2 Connecticut, New Jersey, New York, Rhode Island, Tennessee, and Virginia, filed a civil
 3 antitrust suit against Google for monopolizing multiple digital advertising technology
 products in violation of Sections 1 and 2 of the Sherman Act.

4 Filed in the U.S. District Court for the Eastern District of Virginia, the complaint alleges
 5 that Google monopolizes key digital advertising technologies, collectively referred to as
 6 the “ad tech stack,” that website publishers depend on to sell ads and that advertisers rely
 7 on to buy ads and reach potential customers. Website publishers use ad tech tools to
 8 generate advertising revenue that supports the creation and maintenance of a vibrant open
 web, providing the public with unprecedented access to ideas, artistic expression,
 information, goods, and services. Through this monopolization lawsuit, the Justice
 Department and state Attorneys General seek to restore competition in these important
 markets and obtain equitable and monetary relief on behalf of the American public.

9 As alleged in the complaint, over the past 15 years, Google has engaged in a course of
 10 anticompetitive and exclusionary conduct that consisted of neutralizing or eliminating ad
 11 tech competitors through acquisitions; wielding its dominance across digital advertising
 12 markets to force more publishers and advertisers to use its products; and thwarting the
 13 ability to use competing products. In doing so, Google cemented its dominance in tools
 relied on by website publishers and online advertisers, as well as the digital advertising
 exchange that runs ad auctions.

14 * * * * *

15 Google now controls the digital tool that nearly every major website publisher uses to sell
 16 ads on their websites (publisher ad server); it controls the dominant advertiser tool that
 17 helps millions of large and small advertisers buy ad inventory (advertiser ad network); and
 18 it controls the largest advertising exchange (ad exchange), a technology that runs real-time
 auctions to match buyers and sellers of online advertising.



19 Google’s anticompetitive conduct has included:
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- 1 • **Acquiring Competitors:** Engaging in a pattern of acquisitions to obtain control
2 over key digital advertising tools used by website publishers to sell advertising
3 space;
- 4 • **Forcing Adoption of Google’s Tools:** Locking in website publishers to its newly-
5 acquired tools by restricting its unique, must-have advertiser demand to its ad
6 exchange, and in turn, conditioning effective real-time access to its ad exchange on
7 the use of its publisher ad server;
- 8 • **Distorting Auction Competition:** Limiting real-time bidding on publisher
9 inventory to its ad exchange, and impeding rival ad exchanges’ ability to compete
10 on the same terms as Google’s ad exchange; and
- 11 • **Auction Manipulation:** Manipulating auction mechanics across several of its
12 products to insulate Google from competition, deprive rivals of scale, and halt the
13 rise of rival technologies.

14 As a result of its illegal monopoly, and by its own estimates, Google pockets on average
15 more than 30% of the advertising dollars that flow through its digital advertising
16 technology products; for some transactions and for certain publishers and advertisers, it
17 takes far more. Google’s anticompetitive conduct has suppressed alternative technologies,
18 hindering their adoption by publishers, advertisers, and rivals.

19 62. On this news, Alphabet’s Class A shares fell \$2.09 per share, or 2.09%, to close at \$97.70
20 per share, while its Class C shares fell \$2.00 per share, or 1.98%, to close at \$99.21 per share, on January
21 24, 2023.

22 63. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in
23 the market value of the Company’s securities, Plaintiff and other Class members have suffered
24 significant losses and damages.

25 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

26 64. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure
27 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired
28 Alphabet securities during the Class Period (the “Class”); and were damaged upon the revelation of the
alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors
of the Company, at all relevant times, members of their immediate families and their legal

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

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

11 66. Plaintiff's claims are typical of the claims of the members of the Class as all members of
12 the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is
13 complained of herein.
14

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

18 68. Common questions of law and fact exist as to all members of the Class and predominate
19 over any questions solely affecting individual members of the Class. Among the questions of law and
20 fact common to the Class are:
21

- 22 • whether the federal securities laws were violated by Defendants' acts as alleged
23 herein;
- 24 • whether statements made by Defendants to the investing public during the Class
25 Period misrepresented material facts about the business, operations and
26 management of Alphabet;
- 27 • whether the Individual Defendants caused Alphabet to issue false and misleading
28 financial statements during the Class Period;

- 1 • whether Defendants acted knowingly or recklessly in issuing false and misleading
2 financial statements;
- 3 • whether the prices of Alphabet securities during the Class Period were artificially
4 inflated because of the Defendants' conduct complained of herein; and
- 5 • whether the members of the Class have sustained damages and, if so, what is the
6 proper measure of damages.

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

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

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

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

1 72. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of
2 reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*,
3 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period
4 statements in violation of a duty to disclose such information, as detailed above.

5
6 **COUNT I**

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

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

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

13 75. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course
14 of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and
15 courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the
16 Class; made various untrue statements of material facts and omitted to state material facts necessary in
17 order to make the statements made, in light of the circumstances under which they were made, not
18 misleading; and employed devices, schemes and artifices to defraud in connection with the purchase
19 and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive
20 the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially
21 inflate and maintain the market price of Alphabet securities; and (iii) cause Plaintiff and other members
22 of the Class to purchase or otherwise acquire Alphabet securities and options at artificially inflated
23 prices. In furtherance of this illicit scheme, plan and course of conduct, Defendants, and each of them,
24 took the actions set forth herein.
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1 76. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
2 Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and
3 annual reports, SEC filings, press releases and other statements and documents described above,
4 including statements made to securities analysts and the media that were designed to influence the
5 market for Alphabet securities. Such reports, filings, releases and statements were materially false and
6 misleading in that they failed to disclose material adverse information and misrepresented the truth about
7 Alphabet's finances and business prospects.

9 77. By virtue of their positions at Alphabet, Defendants had actual knowledge of the
10 materially false and misleading statements and material omissions alleged herein and intended thereby
11 to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with
12 reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would
13 reveal the materially false and misleading nature of the statements made, although such facts were
14 readily available to Defendants. Said acts and omissions of Defendants were committed willfully or
15 with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that
16 material facts were being misrepresented or omitted as described above.

18 78. Information showing that Defendants acted knowingly or with reckless disregard for the
19 truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors
20 of Alphabet, the Individual Defendants had knowledge of the details of Alphabet's internal affairs.

22 79. The Individual Defendants are liable both directly and indirectly for the wrongs
23 complained of herein. Because of their positions of control and authority, the Individual Defendants
24 were able to and did, directly or indirectly, control the content of the statements of Alphabet. As officers
25 and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely,
26 accurate, and truthful information with respect to Alphabet's businesses, operations, future financial
27

1 condition and future prospects. As a result of the dissemination of the aforementioned false and
2 misleading reports, releases and public statements, the market price of Alphabet securities was
3 artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Alphabet's
4 business and financial condition which were concealed by Defendants, Plaintiff and the other members
5 of the Class purchased or otherwise acquired Alphabet securities at artificially inflated prices and relied
6 upon the price of the securities, the integrity of the market for the securities and/or upon statements
7 disseminated by Defendants, and were damaged thereby.
8

9 80. During the Class Period, Alphabet securities were traded on an active and efficient
10 market. Plaintiff and the other members of the Class, relying on the materially false and misleading
11 statements described herein, which the Defendants made, issued or caused to be disseminated, or relying
12 upon the integrity of the market, purchased or otherwise acquired shares of Alphabet securities at prices
13 artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class
14 known the truth, they would not have purchased or otherwise acquired said securities, or would not have
15 purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases
16 and/or acquisitions by Plaintiff and the Class, the true value of Alphabet securities was substantially
17 lower than the prices paid by Plaintiff and the other members of the Class. The market price of Alphabet
18 securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff
19 and Class members.
20

21
22 81. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or
23 indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

24 82. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other
25 members of the Class suffered damages in connection with their respective purchases, acquisitions and
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1 sales of the Company’s securities during the Class Period, upon the disclosure that the Company had
2 been disseminating misrepresented financial statements to the investing public.

3 **COUNT II**

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

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

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

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

16
17 86. Because of their positions of control and authority as senior officers, the Individual
18 Defendants were able to, and did, control the contents of the various reports, press releases and public
19 filings which Alphabet disseminated in the marketplace during the Class Period concerning Alphabet’s
20 results of operations. Throughout the Class Period, the Individual Defendants exercised their power and
21 authority to cause Alphabet to engage in the wrongful acts complained of herein. The Individual
22 Defendants, therefore, were “controlling persons” of Alphabet within the meaning of Section 20(a) of
23 the Exchange Act. In this capacity, they participated in the illicit conduct alleged which artificially
24 inflated the market price of Alphabet securities.
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