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

JOSEPH AVERZA, Individually and on Behalf  
of All Others Similarly Situated,

Plaintiff,

v.

SUPER MICRO COMPUTER, INC.,  
CHARLES LIANG, and DAVID E. WEIGAND,

Defendants.

Case No. 5:24-cv-06147

CLASS ACTION

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

DEMAND FOR JURY TRIAL

1 Plaintiff Joseph Averza (“Plaintiff”), individually and on behalf of all other persons  
2 similarly situated, by his undersigned attorneys, alleges in this Complaint for violations of the  
3 federal securities laws (the “Complaint”) the following based upon knowledge with respect to his  
4 own acts, and upon facts obtained through an investigation conducted by his counsel, which  
5 included, *inter alia*: (a) review and analysis of relevant filings made by Super Micro Computer,  
6 Inc. (“SMCI” or the “Company”) with the United States Securities and Exchange Commission  
7 (the “SEC”); (b) review and analysis of SMCI’s public documents, conference calls, press releases,  
8 and stock chart; (c) review and analysis of securities analysts’ reports and advisories concerning  
9 the Company; and (d) information readily obtainable on the internet.

10 Plaintiff believes that further substantial evidentiary support will exist for the allegations  
11 set forth herein after a reasonable opportunity for discovery. Most of the facts supporting the  
12 allegations contained herein are known only to the defendants or are exclusively within their  
13 control.

14 **NATURE OF THE ACTION**

15 1. This is a federal securities class action on behalf of all investors who purchased or  
16 otherwise acquired SMCI securities between August 10, 2021 to August 26, 2024, inclusive (the  
17 “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal  
18 securities laws (the “Class”).

19 2. Defendants provided investors with material information concerning SMCI’s  
20 financial results for the fiscal years 2021 through 2024. Defendants’ statements included, among  
21 other things, reports of continued significant growth with increasing financial success year after  
22 year, a healthy relationship with its related parties, and was in compliance with United States  
23 export restrictions.

24 3. Defendants provided these overwhelmingly positive statements to investors while,  
25 at the same time, disseminating materially false and misleading statements and/or concealing  
26 material adverse facts concerning the true state of SMCI’s accounting; notably, that it was subject  
27 to consistent overreporting of sales and underreporting of expenses, that it had re-hired multiple  
28 executives who departed in the wake of the Company’s prior accounting scandal, that the Company

1 has a closer relationship to its related parties than disclosed, that SMCI had more related parties  
2 than it had disclosed, and that the Company had not ceased exporting products to areas restricted  
3 by the United States government as a result of the Russia-Ukraine war, risking government  
4 sanction.

5 4. On August 27, 2024, Hindenburg Research unveiled a research report concerning  
6 SMCI. The research report detailed several allegations against the Company, including that  
7 Hindenburg “found glaring accounting red flags, evidence of undisclosed related party  
8 transactions, sanctions and control failures, and customer issues.”

9 5. Investors and analysts reacted immediately to these revelations. The price of  
10 SMCI’s common stock declined dramatically. From a closing market price of \$562.51 per share  
11 on August 26, 2024, SMCI’s stock price fell to \$443.49 per share on August 28, 2024, a decline  
12 of about 21.16% in the span of only two days.

13 **JURISDICTION AND VENUE**

14 6. Plaintiff brings this action, on behalf of himself and other similarly situated  
15 investors, to recover losses sustained in connection with Defendants’ fraud.

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

19 8. This Court has jurisdiction over the subject matter of this action pursuant to 28  
20 U.S.C. §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

21 9. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C.  
22 §1391(b), as Defendant SMCI is headquartered in this District and a significant portion of its  
23 business, actions, and the subsequent damages to Plaintiff and the Class, took place within this  
24 District.

25 10. In connection with the acts, conduct and other wrongs alleged in this Complaint,  
26 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,  
27 including but not limited to, the United States mail, interstate telephone communications and the  
28 facilities of the national securities exchange.

**THE PARTIES**

1  
2 11. Plaintiff purchased SMCI common stock at artificially inflated prices during the  
3 Class Period and was damaged upon the revelation of the Defendants’ fraud. Plaintiff’s  
4 certification evidencing his transaction(s) in SMCI is attached hereto.

5 12. Super Micro Computer, Inc. is a California corporation with its principal executive  
6 offices located at 980 Rock Avenue, San Jose, CA 95131. During the Class Period, the Company’s  
7 common stock traded on the NASDAQ Stock Market (the “NASDAQ”) under the symbol  
8 “SMCI.”

9 13. Defendant Charles Liang (“Liang”) was, at all relevant times, the Founder,  
10 Chairman, President, and Chief Executive Officer of SMCI.

11 14. Defendant David E. Weigand (“Weigand”) was, at all relevant times, the Senior  
12 Vice President, Chief Financial Officer, Company Secretary, and Chief Compliance Officer.

13 15. Relevant non-party Wally Liaw, Sr. (“Liaw”), a co-founder of SMCI, was formerly  
14 the Senior Vice President of International Sales prior to his resignation in January 2018. He was  
15 subsequently re-hired by SMCI as a consultant in May 2021, became the Senior Vice President of  
16 Business Development in August 2022, and was further appointed as a Class II Director of SMCI  
17 on December 6, 2023.

18 16. Defendants Liang and Weigand are sometimes referred to herein as the “Individual  
19 Defendants.” SMCI together with the Individual Defendants are referred to herein as the  
20 “Defendants.”

21 17. The Individual Defendants, because of their positions with the Company, possessed  
22 the power and authority to control the contents of SMCI’s reports to the SEC, press releases, and  
23 presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*,  
24 the market. Each Individual Defendant was provided with copies of the Company’s reports and  
25 press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the  
26 ability and opportunity to prevent their issuance or cause them to be corrected. Because of their  
27 positions and access to material non-public information n available to them, each of these  
28 Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and

1 were being concealed from, the public, and that the positive representations which were being  
2 made were then materially false and/or misleading. The Individual Defendants are liable for the  
3 false statements pleaded herein, as those statements were each “group-published” information, the  
4 result of the collective actions of the Individual Defendants.

5 18. SMCI is liable for the acts of the Individual Defendants, and its employees under  
6 the doctrine of *respondeat superior* and common law principles of agency as all the wrongful acts  
7 complained of herein were carried out within the scope of their employment with authorization.

8 19. The scienter of the Individual Defendants, and other employees and agents of the  
9 Company are similarly imputed to SMCI under *respondeat superior* and agency principles.

10 **SUBSTANTIVE ALLEGATIONS**

11 **A. Company Background**

12 20. SMCI is an international company that develops, manufactures, and provides server  
13 and storage systems for various markets, including data centers, cloud computing, AI, 5G, and  
14 edge computing.

15 21. The Company further offers server subsystems and accessories including complete  
16 servers, storage systems, modular blade servers, blades, workstations, full rack scale solutions,  
17 networking devices, and sub-systems, as well as management and security software.

18 **B. The Defendants Materially Misled Investors Concerning SMCI’s Reported**  
19 **Revenue and Projected Revenue Outlook for Multiple Consecutive Fiscal**  
20 **Years**

21 August 10, 2021

22 22. On August 10, 2021, Defendants issued a press release announcing their financial  
23 results for the fourth quarter and full fiscal year 2021. In pertinent regard to the annual results,  
24 SMCI provided the following summary:

25 Net sales for the fiscal year ended June 30, 2021, were \$3.56 billion versus \$3.34  
26 billion for the fiscal year ended June 30, 2020. Net income for fiscal year 2021 was  
27 \$112 million, or \$2.09 per diluted share, versus \$84 million, or \$1.60 per diluted  
28 share, for fiscal year 2020. Non-GAAP net income for the fiscal year 2021 was  
\$136 million, or \$2.48 per diluted share, versus \$150 million, or \$2.77 per diluted  
share, for fiscal year 2020. Non-GAAP net income for the fiscal year 2021 adds

1 back stock-based compensation expense of \$28.5 million, special performance  
2 bonuses of \$5.8 million, executive SEC settlement credit of \$2.1 million, and  
3 controls remediation costs and other expenses of \$1.3 million, less tax effects of  
\$9.0 million.

4 23. SMCI further projected an outlook for fiscal year 2022, providing, in pertinent part,  
5 the following estimates:

6 The Company expects net sales of \$4.1 billion to \$4.5 billion, GAAP net income  
7 per diluted share of at least \$2.60 and non-GAAP net income per diluted share of  
8 at least \$3.00 for fiscal year 2022 ending June 30, 2022. The Company's projections  
9 for GAAP and non-GAAP net income per diluted share both assume a tax rate of  
10 approximately 16% and a fully diluted share count of 55.3 million shares for GAAP  
11 and fully diluted share count of 56.5 million shares for non-GAAP. The outlook for  
fiscal year 2022 GAAP net income per diluted share includes approximately \$30  
12 million in expected stock-based compensation expense and other expenses that are  
13 excluded from non-GAAP net income per diluted share.

14 24. In the Company's associated 10-K for fiscal year 2021, published on August 27,  
2021 and signed by the Individual Defendants, SMCI discussed its related party dealings, in  
15 pertinent part, as follows:

16 We use Ablecom, a related party, for contract design and manufacturing  
17 coordination support and warehousing, and Compuware, also a related party and an  
18 affiliate of Ablecom, for distribution, contract manufacturing and warehousing. We  
19 work with Ablecom to optimize modular designs for our chassis and certain of other  
20 components. We outsource to Compuware a portion of our design activities and a  
21 significant part of our manufacturing of subassemblies, particularly power supplies.  
22 Our purchases of products from Ablecom and Compuware represented 7.8%,  
10.1% and 9.2% of our cost of sales for fiscal years 2021, 2020 and 2019,  
23 respectively. Ablecom and Compuware's sales to us constitute a substantial  
24 majority of Ablecom and Compuware's net sales. Ablecom and Compuware are  
25 both privately-held Taiwan-based companies. In addition, we have entered into a  
26 distribution agreement with Compuware, under which we have appointed  
27 Compuware as a nonexclusive distributor of our products in Taiwan, China and  
28 Australia.

29 Steve Liang, Ablecom's Chief Executive Officer and largest shareholder, is the  
30 brother of Charles Liang, our President, Chief Executive Officer and Chairman of  
31 our Board of Directors ("the Board"). Steve Liang owned no shares of our common  
32 stock as of June 30, 2021, 2020 or 2019. Charles Liang and his spouse, Sara Liu,  
33 our Co-Founder, Senior Vice President and Director, jointly owned approximately  
34 10.5% of Ablecom's capital stock, while Mr. Steve Liang and other family  
35 members owned approximately 28.8% of Ablecom's outstanding common stock as  
36 of June 30, 2021. Bill Liang, a brother of both Charles Liang and Steve Liang, is a  
37 member of the Board of Directors of Ablecom as well.

1 In October 2018, our Chief Executive Officer, Charles Liang, personally borrowed  
2 approximately \$12.9 million from Chien-Tsun Chang, the spouse of Steve Liang.  
3 The loan is unsecured, has no maturity date and bore interest at 0.8% per month for  
4 the first six months, increased to 0.85% per month through February 28, 2020, and  
5 reduced to 0.25% effective March 1, 2020. The loan was originally made at Mr.  
6 Liang's request to provide funds to repay margin loans to two financial institutions,  
7 which loans had been secured by shares of our common stock that he held. The  
8 lenders called the loans in October 2018, following the suspension of our common  
9 stock from trading on NASDAQ in August 2018 and the decline in the market price  
10 of our common stock in October 2018. As of June 30, 2021, the amount due on the  
11 unsecured loan (including principal and accrued interest) was approximately \$15.3  
12 million.

13 Bill Liang is also the Chief Executive Officer of Compuware, a member of  
14 Compuware's Board of Directors and a holder of a significant equity interest in  
15 Compuware. Steve Liang is also a member of Compuware's Board of Directors and  
16 is an equity holder of Compuware.

17 ...

18 The Company has entered into a series of agreements with Ablecom, including  
19 multiple product development, production and service agreements, product  
20 manufacturing agreements, manufacturing services agreements and lease  
21 agreements for warehouse space.

22 Under these agreements, the Company outsources to Ablecom a portion of its  
23 design activities and a significant part of its server chassis manufacturing as well  
24 as an immaterial portion of other components. ***Ablecom manufactured  
25 approximately 91.8%, 95.5% and 96.3% of the chassis included in the products  
26 sold by the Company during fiscal years 2021, 2020 and 2019, respectively.*** With  
27 respect to design activities, Ablecom generally agrees to design certain agreed-  
28 upon products according to the Company's specifications, and further agrees to  
build the tools needed to manufacture the products. The Company pays Ablecom  
for the design and engineering services, and further agrees to pay Ablecom for the  
tooling. The Company retains full ownership of any intellectual property resulting  
from the design of these products and tooling.

With respect to the manufacturing aspects of the relationship, Ablecom purchases  
most of materials needed to manufacture the chassis from third parties and ***the  
Company provides certain components used in the manufacturing process (such  
as power supplies) to Ablecom through consignment or sales transactions.  
Ablecom uses these materials and components to manufacture the completed  
chassis and then sell them back to the Company.*** For the components purchased  
from the Company, Ablecom sells the components back to the Company at a price  
equal to the price at which the Company sold the components to Ablecom. The  
Company and Ablecom frequently review and negotiate the prices of the chassis  
the Company purchases from Ablecom. In addition to inventory purchases, the



1 Company also incurs other costs associated with design services, tooling and other  
2 miscellaneous costs from Ablecom.

3 ...

4 The Company has entered into a distribution agreement with Compuware, under  
5 which the Company appointed Compuware as a non-exclusive distributor of the  
6 Company's products in Taiwan, China and Australia. Compuware assumes the  
7 responsibility to install the Company's products at the site of the end customer, if  
8 required, and administers customer support in exchange for a discount from the  
9 Company's standard price for its purchases.

10 The Company also has entered into a series of agreements with Compuware,  
11 including a multiple product development, production and service agreements,  
12 product manufacturing agreements, and lease agreements for office space.

13 Under these agreements, the Company outsources to Compuware a portion of its  
14 design activities and a significant part of its power supplies manufacturing as well  
15 as an immaterial portion of other components. With respect to design activities,  
16 Compuware generally agrees to design certain agreed-upon products according to  
17 the Company's specifications, and further agrees to build the tools needed to  
18 manufacture the products. The Company pays Compuware for the design and  
19 engineering services, and further agrees to pay Compuware for the tooling. The  
20 Company retains full ownership of any intellectual property resulting from the  
21 design of these products and tooling. With respect to the manufacturing aspects of  
22 the relationship, Compuware purchases most of materials needed to manufacture  
23 the power supplies from outside markets and uses these materials to manufacture  
24 the products and then sell those products to the Company. The Company and  
25 Compuware frequently review and negotiate the prices of the power supplies the  
26 Company purchases from Compuware.

27 Compuware also manufactures motherboards, backplanes and other components  
28 used on printed circuit boards for the Company. ***The Company sells to Compuware  
most of the components needed to manufacture the above products. Compuware  
uses the components to manufacture the products and then sells the products  
back to the Company at a purchase price equal to the price at which the Company  
sold the components to Compuware, plus a "manufacturing value added" fee and  
other miscellaneous material charges and costs.*** The Company and Compuware  
frequently review and negotiate the amount of the "manufacturing value added" fee  
that will be included in the price of the products the Company purchases from  
Compuware. In addition to the inventory purchases, the Company also incurs costs  
associated with design services, tooling assets, and miscellaneous costs.

...  
The Company's net sales to Ablecom were not material for the fiscal years ended  
June 30, 2021, 2020 and 2019.



1 ...

2 *Ablecom's sales to us comprise a substantial majority of Ablecom's net sales. For*  
3 *fiscal years ended June 30, 2021, 2020 and 2019, we purchased products from*  
4 *Ablecom totaling \$122.2 million, \$152.5 million and \$137.9 million, respectively.*  
5 Amounts owed to Ablecom by us as of June 30, 2021 and 2020, were \$41.2 million  
6 and \$40.1 million, respectively. For the fiscal years ended June 30, 2021, 2020 and  
7 2019, we paid Ablecom \$8.6 million, \$7.6 million and \$7.4 million, respectively,  
8 for design services, tooling assets and miscellaneous costs.

9 *Compuware's sales of our products to others comprise a majority of*  
10 *Compuware's net sales. For fiscal years ended June 30, 2021, 2020 and 2019, we*  
11 *sold products to Compuware totaling \$27.9 million, \$23.9 million and \$17.7*  
12 *million, respectively.* Amounts owed to us by Compuware as of June 30, 2021 and  
13 2020, were \$18.4 million and \$14.3 million, respectively. The price at which  
14 Compuware purchases the products from us is at a discount from our standard price  
15 for purchasers who purchase specified volumes from us. In exchange for this  
16 discount, Compuware assumes the responsibility to install our products at the site  
17 of the end customer and administers first-level customer support. *For the fiscal*  
18 *years ended June 30, 2021, 2020 and 2019, we purchased products from*  
19 *Compuware totaling \$113.4 million, \$130.6 million and \$138.9 million,*  
20 *respectively.* Amounts we owed to Compuware as of June 30, 2021 and 2020, were  
21 \$46.4 million and \$46.5 million, respectively. For the fiscal years ended June 30,  
22 2021, 2020 and 2019, we paid Compuware \$1.8 million, \$1.2 million and \$0.7  
23 million, respectively, for design services, tooling assets and miscellaneous costs.

24 (Emphasis added).

25 May 6, 2022

26 25. On May 6, 2022, Defendants published their 10-Q filing associated with their third  
27 quarter fiscal year 2022 results, published a few days prior.

28 26. The 10-Q, which was signed by the Individual Defendants, pertinently provides the  
Company's reaction to the Russian-Ukraine war and their decision to pause sales to the area,  
stating, stating in pertinent part that:

The crisis in eastern Europe continues to be a challenge to global companies, including us, which have customers in the impacted regions. The U.S. and other global governments have placed restrictions on how companies may transact with businesses in these regions, particularly Russia, Belarus and restricted areas in Ukraine. *Because of these restrictions and the growing logistical and other challenges, we have paused sales to Russia, Belarus and the restricted areas in Ukraine.* This decision, which is in line with the approach of other global technology companies, helps us comply with our obligations under the various requirements in the U.S. and around the world.

1 . . .

2 we do not make a material portion of our sales or acquire a material portion of our  
3 parts or components directly from impacted regions

4 . . .

5 no assurances can be given that additional developments in the impacted regions,  
6 and responses thereto from the U.S. and other global governments, would not have  
7 a material adverse effect on our business, results of operations and financial  
condition.

8 (Emphasis added).

9 August 9, 2022

10 27. On August 9, 2022, Defendants issued a press release announcing their financial  
11 results for the fourth quarter and full fiscal year 2022. Prefacing the results, CEO Charles Liang  
12 praised the Company's performance, pertinently stating:

13 The Supermicro team has attained yet another milestone by achieving \$5.2 billion  
14 in annual revenue . . . The ramp up of recent design wins and top tier customers  
15 adopting our plug and play ("PNP") rack-scale solutions have given us momentum  
16 going into fiscal year 2023. We are well on our way to becoming the leading global  
supplier of rack-scale Total IT Solutions, powering the world's digital  
17 transformation across diverse applications in key market segments including AI,  
enterprise, cloud, edge/telco and others.

18 28. In pertinent regard to the annual results, SMCI provided the following summary:

19 Net sales for the fiscal year ended June 30, 2022, were \$5.20 billion versus \$3.56  
20 billion for the fiscal year ended June 30, 2021. Net income for fiscal year 2022 was  
\$285 million, or \$5.32 per diluted share, versus \$112 million, or \$2.09 per diluted  
21 share, for fiscal year 2021. Non-GAAP net income for the fiscal year 2022  
was \$311 million, or \$5.65 per diluted share, versus \$136 million, or \$2.48 per  
22 diluted share, for fiscal year 2021. Non-GAAP net income for the fiscal year 2022  
adds back stock-based compensation expense of \$32.8 million, litigation expenses  
23 of \$4.4 million, \$2.0 million of litigation settlement costs, and \$0.5 million of  
special performance bonuses, net of the related tax effects.

24 29. SMCI further projected an outlook for fiscal year 2023, providing, in pertinent part,  
25 the following estimates:

26 For fiscal year 2023 ending June 30, 2023, the Company expects net sales of \$6.2  
27 billion to \$7.0 billion, GAAP net income per diluted share of at least \$7.27 and non-  
GAAP net income per diluted share of at least \$7.50. The Company's projections  
28 for GAAP and non-GAAP net income per diluted share assume a tax rate of

1 approximately 20.3% and 21.1%, respectively, and a fully diluted share count of  
2 55.6 million shares for GAAP and fully diluted share count of 57.0 million shares  
3 for non-GAAP. The outlook for fiscal year 2023 GAAP net income per diluted  
4 share includes approximately \$35.4 million in expected stock-based compensation  
expense and other expenses, net of related tax effects that are excluded from non-  
GAAP net income per diluted share.

5 30. In the Company's associated 10-K for fiscal year 2022, published on August 29,  
6 2022 and signed by the Individual Defendants, SMCI provided updated financial details  
7 concerning the Company's related party dealings, in pertinent part, as follows:

8 Ablecom manufactured approximately 88.2%, 91.8% and 95.5% of the chassis  
9 included in the products sold by the Company during fiscal years 2022, 2021 and  
2020, respectively.

10 ...

11 Ablecom's sales to us comprise a substantial majority of Ablecom's net sales. *For*  
12 *fiscal years ended June 30, 2022, 2021 and 2020, we purchased products from*  
13 *Ablecom totaling \$192.4 million*, \$122.2 million and \$152.5 million, respectively.  
14 Amounts owed to Ablecom by us as of June 30, 2022, 2021 and 2020, were \$46.0  
15 million, \$41.2 million and \$40.1 million, respectively. *For the fiscal years ended*  
16 *June 30, 2022, 2021 and 2020, we paid Ablecom \$8.3 million*, \$8.6 million and  
\$7.6 million, respectively, for design services, tooling assets and miscellaneous  
costs.

17 Compuware's sales of our products to others comprise a majority of Compuware's  
18 net sales. *For fiscal years ended June 30, 2022, 2021 and 2020, we sold products*  
19 *to Compuware totaling \$26.1 million*, \$27.9 million and \$23.9 million,  
20 respectively. Amounts owed to us by Compuware as of June 30, 2022, 2021 and  
21 2020, were \$20.0 million, \$18.4 million and \$14.3 million, respectively. The price  
22 at which Compuware purchases the products from us is at a discount from our  
23 standard price for purchasers who purchase specified volumes from us. In exchange  
24 for this discount, Compuware assumes the responsibility to install our products at  
25 the site of the end customer and administers first-level customer support. *For the*  
26 *fiscal years ended June 30, 2022, 2021 and 2020, we purchased products from*  
27 *Compuware totaling \$170.3 million*, \$113.4 million and \$130.6 million,  
28 respectively. Amounts we owed to Compuware as of June 30, 2022, 2021 and 2020  
were \$60.0 million, \$46.4 million and \$46.5 million, respectively. For the fiscal  
years ended June 30, 2022, 2021 and 2020, we paid Compuware \$1.5 million, \$1.8  
million and \$1.2 million, respectively, for design services, tooling assets and  
miscellaneous costs.

(Emphasis added).

August 8, 2023

31. On August 8, 2023, Defendants issued a press release announcing their financial results for the fourth quarter and full fiscal year 2023. In pertinent regard to the annual results, SMCI provided the following summary:

Net sales for the fiscal year ended June 30, 2023, were \$7.12 billion versus \$5.20 billion for the fiscal year ended June 30, 2022. Net income for fiscal year 2023 was \$640 million, or \$11.43 per diluted share, versus \$285 million, or \$5.32 per diluted share, for fiscal year 2022. Non-GAAP net income for fiscal year 2023 was \$673 million, or \$11.81 per diluted share, versus \$311 million, or \$5.65 per diluted share, for fiscal year 2022. Non-GAAP net income for fiscal year 2023 adds back stock-based compensation expense of \$54 million and litigation recovery of \$4 million, net of the related tax effects of \$17 million.

32. Speaking to these results, CEO Charles Liang provided the following commentary, in pertinent part:

Supermicro’s record revenue and 37% year-over-year growth for fiscal year 2023 validates our global leadership position in AI accelerated compute platforms . . . We continue to see unprecedented demand for AI and other advanced applications requiring optimized rack-scale solutions. We are in a great position to continue our growth momentum given our record new design wins, customers, and backlog for our best-in-class rack-scale Total AI & IT Solutions.

33. SMCI further projected an outlook for fiscal year 2024, the Company provided significantly less detail for its estimate that in prior years, in pertinent part, providing only that “[f]or fiscal year 2024 ending June 30, 2024, the Company expects net sales of \$9.5 billion to \$10.5 billion.”

34. In the Company’s associated 10-K for fiscal year 2023, published on August 28, 2023 and signed by the Individual Defendants, SMCI provided updated financial details concerning the Company’s related party dealings, in pertinent part, as follows:

Ablecom manufactured approximately 91.9%, 88.2% and 91.8% of the chassis included in the products sold by the Company during fiscal years 2023, 2022 and 2021, respectively.

...

Ablecom’s sales to us comprise a substantial majority of Ablecom’s net sales. ***For fiscal years ended June 30, 2023, 2022 and 2021, we purchased products from Ablecom totaling \$167.8 million, \$192.4 million and \$122.2 million, respectively. Amounts owed to Ablecom by us as of June 30, 2023, 2022 and 2021, were \$36.9***

1 million, \$46.0 million and \$41.2 million, respectively. For the fiscal years ended  
2 June 30, 2023, 2022 and 2021, we paid Ablecom \$12.1 million, \$8.3 million and  
3 \$8.6 million, respectively, for design services, tooling assets and miscellaneous  
4 costs.

5 Compuware's sales of our products to others comprise a majority of Compuware's  
6 net sales. **For fiscal years ended June 30, 2023, 2022 and 2021, we sold products  
7 to Compuware totaling \$36.3 million, \$26.1 million and \$27.9 million,**  
8 **respectively.** Amounts owed to us by Compuware as of June 30, 2023, 2022 and  
9 2021, were \$24.9 million, \$19.6 million and \$18.2 million, respectively. The price  
10 at which Compuware purchases the products from us is at a discount from our  
11 standard price for purchasers who purchase specified volumes from us. In exchange  
12 for this discount, Compuware assumes the responsibility to install our products at  
13 the site of the end customer and administers first-level customer support. **For the  
14 fiscal years ended June 30, 2023, 2022 and 2021, we purchased products from  
15 Compuware totaling \$217.0 million, \$170.3 million and \$113.4 million,**  
16 **respectively.** Amounts we owed to Compuware as of June 30, 2023, 2022 and 2021  
17 were \$66.2 million, \$60.0 million and \$46.4 million, respectively. For the fiscal  
18 years ended June 30, 2023, 2022 and 2021, we paid Compuware \$2.0 million, \$1.5  
19 million and \$1.8 million, respectively, for design services, tooling assets and  
20 miscellaneous costs.

21 35. SCMI, in the same report, highlighted that “no sales of any products actually  
22 occurred in the Russian Federation during fiscal year 2023,” and reiterated further that the  
23 “Company and its subsidiaries had last recorded revenue from Russia on February 23, 2022.”

24 December 8, 2023

25 36. On December 8, 2023, Defendants announced that Yih-Shyan (Wally) Liaw was  
26 joining the SMCI Board of Directors. The announcement detailed Liaw's history with the  
27 company, his prior resignation and the circumstances surrounding it, and his return to the company,  
28 as follows:

29 Mr. Liaw co-founded the Company in 1993. From the Company's founding until  
30 January 2018, Mr. Liaw was an employee and held various executive positions in  
31 the Company, including Senior Vice President of Worldwide Sales and Corporate  
32 Secretary. He was also a member of the Board of Directors from 1993 until January  
33 2018. **In January 2018, Mr. Liaw resigned from all his positions with the  
34 Company, including from the Board of Directors, during a period when the  
35 Company was not current in its filings with the Securities and Exchange  
36 Commission, and, following completion of an Audit Committee investigation, in  
37 connection with a restructuring of the Company's sales organization as part of  
38 the Company's remediation of material weaknesses in its internal control over  
39 financial reporting.** From February 2018 until June 2020, Mr. Liaw was retired.  
40 From June 2020 until April 2021, Mr. Liaw was the president of 2CRSi

1 Corporation, a company headquartered in Strasbourg, France that develops,  
2 produces and sells high-performance customized, environmentally-friendly  
3 servers. *Mr. Liaw returned to the Company as a consultant in May 2021*, advising  
4 the Company with respect to business development matters. *In August 2022, Mr.  
Liaw returned to full-time employment with the Company as Senior Vice  
President, Business Development.*

5 (Emphasis added).

6 August 6, 2024

7 37. On August 6, 2024, Defendants issued a press release announcing their financial  
8 results for the fourth quarter and full fiscal year 2024. In pertinent regard to the annual results,  
9 SMCI provided the following summary:

10 Net sales for the fiscal year ended June 30, 2024, were \$14.94 billion versus \$7.12  
11 billion for the fiscal year ended June 30, 2023. Net income for fiscal year 2024 was  
12 \$1.21 billion, or \$20.09 per diluted share, versus \$640 million, or \$11.43 per  
13 diluted share, for fiscal year 2023. Non-GAAP net income for fiscal year 2024 was  
14 \$1.34 billion, or \$22.09 per diluted share, versus \$673 million, or \$11.81 per  
15 diluted share, for fiscal year 2023. Non-GAAP net income for fiscal year 2024 adds  
16 back stock-based compensation expense of \$135 million, net of the related tax  
17 effects of \$93 million.

18 38. CEO Charles Liang again provided some commentary on the results, claiming that  
19 “Supermicro continues to experience record demand of new AI infrastructures propelling fiscal  
20 2024 revenue up 110% year over year to \$14.9 billion and non-GAAP earnings per share up 87%  
21 to \$22.09.” He further addressed the Company’s future, stating:

22 We are well positioned to become the largest IT infrastructure company, driven by  
23 our technology leadership including rack-scale DLC liquid cooling and business  
24 values of our new Datacenter Building Block Solutions. The investments in  
25 Malaysia and Silicon Valley expansions will further strengthen our supply chain,  
26 security, and economies of scale necessary for the growing AI revolution.

27 39. The above statements in Paragraphs 22 to 38 were false and/or materially  
28 misleading. Defendants created the false impression that they possessed reliable information  
pertaining to the Company’s projected revenue outlook and anticipated growth while also  
minimizing risk from seasonality and macroeconomic fluctuations. In truth, SMCI’s optimistic  
reports of significant growth, earnings potential, a healthy relationship with its related parties, and  
an assertion of ceasing shipment to wartime zones in compliance with government restrictions fell



1 short of reality as they failed to incorporate the true circumstances of SMCI’s accounting and the  
2 true state of SMCI’s business dealings in and to the Russia.

3 **C. The Truth Emerges during Hindenburg Research’s Research Report**

4 August 27, 2024

5 40. On August 27, 2024, Hindenburg Research (“Hindenburg”) unveiled a research  
6 report entitled “Super Micro: Fresh Evidence of Accounting Manipulation, Sibling Self-Dealing  
7 and Sanctions Evasion at this AI High Flyer” (the “Report”). According to the Report,  
8 Hindenburg’s “3-month investigation” uncovered “glaring accounting red flags, evidence of  
9 undisclosed related party transactions, sanctions and expert control failures, and customer issues.”

10 All told, we believe Super Micro is a serial recidivist. It benefitted as an early mover  
11 but still faces significant accounting, governance and compliance issues and offers  
12 an inferior product and service now being eroded away by more credible  
13 competition

14 41. The Report disclosed additional details surrounding the circumstances of the prior  
15 employment and subsequent retention of several key executives who departed the company in a  
16 prior “accounting scandal” for which the company was fined \$17.5 million by the SEC. In  
17 pertinent part, the report discussed Wally Liaw, Phidias Chou, Salim Fedel, and Howard  
18 Hideshima, as follows:

19 When we spoke to former Super Micro executives, they told us Wally Liaw  
20 presided over the sales teams that were involved in the previous accounting  
21 violations: “If you go back to Wally’s team, every one of those [people] has their  
22 hand in that mess. You can promise yourself that”

23 One former executive told us they had questioned the decision to rehire Wally,  
24 asking at the time: “**Why are we having this conversation about Wally coming  
25 back as a contractor?** So when I saw him come back I had the same thought, like,  
26 wow, that’s, uh, that’s interesting.”

27 Normally, leaving amid an accounting scandal would be the end of an executive’s  
28 association with a form. Yet a recent media report in April 2024 by Asia University,  
Taiwan, reported that Phidias Chou attended a Super Micro meeting with CEO  
Charles Liang, where Chou was vaguely identified as “deputy CEO.” . . . In another  
article, describing the same meeting, he was simply referred to as a “consultant.”

...



1 A former executive told us [that Salim Fedel was also associated with unlawful  
2 activities]: “He was involved with the restatement. He was one of the sloppy  
3 salespeople. He got fired because he was so aggressive.” . . . Super Micro rehired  
4 him as Vice President of Business Development and Strategic Sales in October  
5 2020, per his LinkedIn.

6 . . .

7 [Howard] Hideshima was rehired as a consultant in May 2023 to a related party  
8 entity of Super Micro called Ablecom Technology, according to his LinkedIn  
9 profile. Ablecom is led by Super Micro CEO Charles Liang’s brother. Super  
10 Micro’s CEO and his wife own 10.5%. The entity has hundreds of millions of  
11 dollars in transactions with Super Micro per year, per its 10-k.

12 . . .

13 Former employees explained how these rehires were borne out of long-standing  
14 relationships with CEO Charles Liang, who valued loyalty over all else. Per one  
15 former sales director: “I wouldn’t take comfort in that. If people were let go because  
16 their practices were questionable, to bring them back would give me less comfort.  
17 I don’t think the behavior of the company in many ways has changed in the 5 years  
18 since I started, and I started shortly after the delisting problem. Another sales  
19 director attributed it to nepotism: “They were hired back. And there was a lot of  
20 nepotism. I’m speaking freely.”

21 (Emphasis in original).

22 42. According to the Report, it was not just the employees returning that risked the  
23 company’s accounting standards, but rather SMCI had never changed mindset. In pertinent part  
24 the report stated:

25 “Our interviews with former employees corroborate that Super Micro continued  
26 recognizing incomplete sales as revenue after the SEC Settlement in 2020.

27 Pressure to meet quotas pushed salespeople to stuff the channel with distributors,  
28 using “partial shipments,” per former sales director

29 . . .

30 [Former employees] told us salespeople worked with distributors of Super Micro,  
31 including Avnet and Tech Data to over-ship product to boost numbers, in what  
32 appeared to be a channel stuffing scheme. This resulted from sales teams being put  
33 under “massive pressure” from Charles Liang each quarter

34 . . .

1 Our interviews also corroborate further revenue recognition issues related to  
2 shipping highly defective products around quarter-end

3 43. The Report additionally discussed significant potential issues with SMCI's related  
4 party dealings, both disclosed and undisclosed. Beginning with the former, the Report discussed  
5 SMCI's relationship with Ablecom and Compuware, stating, in pertinent part, the following:

6 Ablecom was founded in 1997, per its website. Its CEO and largest shareholder is  
7 Steve (Jianfa) Liang, a younger brother of Super Micro's CEO Charles Liang, per  
8 the company's 2023 annual report. Steve Liang owns 28.8% of Ablecom shares  
9 along with unnamed "other family members." Super Micro CEO Charles Liang,  
and his wife, who is also a director at Super Micro, own 10.5% of Ablecom shares.  
An unnamed sibling of co-founder Wally Liaw owns 11.7%, per filings.

10 Compuware was founded in 2004, per its website. Its CEO is Bill (Jianda) Liang,  
11 also a younger brother of Super Micro's CEO, per the company's 2023 10-K.  
12 Brother Steve Liang [of Ablecom] is also a director and shareholder of Compuware.

13 As of April 2024, Bill Liang and his immediate family owned 15.83% of  
14 Compuware while elder brother Steve Liang and his wife and immediate family  
owned a much larger 37.67% stake, per shareholdings disclosed in filings by one  
of its investees. Ablecom owned a 15% stake in Compuware.

15 Both Ablecom and Compuware are collocated with Super Micro's facility in  
16 Taiwan

17 ...

18 [B]oth Ablecom and Compuware's global export sales appear highly concentrated  
19 on Super Micro and the U.S., based on available import-export records via  
20 Tradesparq, which may not cover all import markets.

21 Our analysis of those records shows that of Ablecom's exports to the U.S., ~99.8%  
22 were to Super Micro between January 1<sup>st</sup>, 2020 and June 30<sup>th</sup>, 2024 (the end of  
Super Micro's fiscal year).

23 Reflecting a similar pattern, in the same period, 99.7% of Compuware's exports to  
24 the U.S. were to Super Micro, based on available Tradesparq data.

25 In short, these related party suppliers have almost no business in the U.S. – and  
26 apparently very little elsewhere in the world – apart from Super Micro, suggesting  
they were set up as extensions of the public company.

27 A former engineer at Ablecom confirmed the conclusions we drew from the trade  
28 data. They told us via written message: "Ablecom is a very special supplier of  
chassis and thermal module to SMC [Super Micro]...Ablecom has about 90%

1 revenue comes from SMC [Super Micro].” The engineer also indicated that Super  
2 Micro CEO Charles Liang was the person calling the shots at Ablecom and  
3 Compuware: “SMC [Super Micro], Ablecom and Compuware have a regular  
4 operation meeting hosted by Charles Liang.” They said the operation meeting was  
held monthly and went on to explain that “Steve [Liang] and Bill [Liang] are in  
charge of chassis and PSU [power supply unit], respectively.”

5 44. Furthermore, according to the report, despite SMCI’s claims of a “competitive  
6 edge” in liquid cooled solutions, the Company purportedly presented Ablecom’s liquid cooling  
7 solutions as its own during the 2022 SuperComputing Conference in Dallas. In doing so, the  
8 Report cites to “patent and utility model records” which evidence Ablecom has recent water  
9 cooling patents, and to “[a] former employee of Ablecom [who] also stated that Super Micro was  
10 showcasing Ablecom’s liquid cooling solutions at the 2022 SuperComputing Conference, per their  
11 LinkedIn.” “In short, Super Micro’s related party ‘contract manufacturer’ to whom it outsources  
12 basic component manufacturing and assembly might also be designing its liquid-cooling solutions,  
13 which are being touted as proprietary.”

14 45. Regarding SMCI’s undisclosed related party dealings, the Report featured various  
15 companies that SMCI has apparent involvement in, but has never disclosed to investors, including:  
16 Aeon Lighting Technology (“Aeon Lighting”), Aeon Biotech a/k/a Hongguo Biotechnology Co  
17 (“Aeon Biotech”), Abelestnet Technology Limited, Lambda Labs, and Leadtek.

18 46. Pertinently, regarding Aeon Lighting and Aeon Biotech, Hindenburg noted both  
19 companies are operated by James (Jianguo) Liang, SMCI CEO Charles Liang’s “third and  
20 youngest brother,” and that he owns 85.7% of the shares of Aeon Lighting” and “99% of Aeon  
21 Biotech.” The Reported noted the following connections to SMCI:

22 In addition to producing LED lighting, [Aeon Lighting] also produces computer  
23 components and ... specifically list chassis manufacturing, rail sliders, cooling  
systems, power supplies and metal prototyping as its product offering.

24 Its company brochure prominently displays a Super Micro branded workstation  
25 chassis

26 ...

27 Not only is Aeon Lighting in the server business, like Super Micro, Compuware  
28 and Ablecom, it also operates from the same location.

1 Aeon’s website also lists a job posting for a production role, located at “No. 306,  
2 Chang’an Street, Bade District, Taoyuan City” in Taiwan, the same address as  
3 Ablecom and Compuware’s manufacturing facility, within the industrial campus it  
shares with Super Micro.

4 James Liang’s second company Aeon Biotech ... seems to have pivoted from  
sterilization equipment to the server business.

5 ...  
6

7 A profile on leading Taiwanese job listing website states that Aeon Biotech is  
8 ‘providing the most complete AI server design, research and development, and  
9 sales.’ The profile also states the company is located within the ‘Supermicro AI  
Technology Park’

10 47. The Hindenburg Report additionally provided the account of a former sales director  
11 of SMCI and media reports who confirmed that Aeon was a supplier of SMCI.

12 48. In reference to the other undisclosed, related party dealings, the Report disclosed,  
13 in pertinent part, the following information:

14 Super Micro CEO Charles Liang’s other brother, Bill (Jianda) Liang, who runs a  
15 disclosed related party, Compuware, named in the previous part, is a shareholder  
and director of another Hong Kong entity called “Ablestnet Technology Limited”

16 ...

17 Bill Liang is also the Chairman and 17% shareholder of another similarly-named  
18 entity in Taiwan called “Ablestnet Computer Inc” – which itself holds a 9.34%  
stake in Compuware . . .

19 Both the Ablestnet Taiwan and Hong Kong entities appear to be undisclosed  
20 related-party suppliers or resellers for Super Micro

21 ...

22 Despite selling almost identical products, offering OEM services and being located  
23 at the site of a related party, Compuware, neither Ablestnet’s Taiwanese or Hong  
Kong Entites are mentioned in Super Micro’s filings.

24 ...  
25

26 Lambda seems to have purchased hardware and datacenter space through Super  
27 Micro, without disclosure of the potential related party nature of the deal owing to  
a Super Micro investment.

28 ...

1 Ablecom and Compuware now own 19.85% and 9.93% of Leadtek . . .

2  
3 Both of Charles Liang’s brothers [Bill and Steve Liang] later took board seats at  
4 Leadtek on December 27<sup>th</sup>, 2023, per Leadtek filings.

5 Super Micro makes no reference to any transactions with Leadtek, despite  
6 advertising almost identical products, utilizing Super Micro parts on its website.  
7 We reached out to Leadtek’s investor relations spokesperson, Michael Yang, to  
8 understand more about the relationship. He confirmed that Leadtek was using parts  
9 from Super Micro: “We will take their [Super Micro’s] motherboard then take  
10 Ablecom’s case then Compuware’s power supply.”

11 . . .

12 Given the circular nature of their relationship, the indirect ownership by Charles  
13 Liang and the close ties to Super Micro, this appears to be a de facto, undisclosed  
14 related party.

15 49. The Report additionally provided significant detail regarding SMCI’s continued  
16 shipments to wartime Russia in a purported attempt to circumvent United States export restrictions  
17 and risk sanctions and potentially the halt of a significant portion of SMCI’s current business. In  
18 pertinent part, the Report concluded:

19 *Super Micro products have been shipped to Russia in larger-than-ever volumes  
20 since the invasion of Ukraine*, based on our analysis of more than 45,000 import  
21 and export transactions provided by trade aggregator Tradesparq.

22 . . .

23 In calendar year 2023, exports of Super Micro products to Russia rose to \$126.6  
24 million – 9.6x higher than in 2021 – per Tradesparq data. *That value was  
25 equivalent to 4.9% of Super Micro’s total worldwide sales, excluding the U.S., in  
26 calendar 2023*, per filings

27 . . .

28 We believe that all the common-sense indicators suggest that Super Micro  
continued to knowingly supply one of its longstanding Russian customers first via  
a California distributor operated by a key executive of one of its authorized partners  
and later via a web of Turkish shell companies.

Trade data shows Super Micro exporting goods directly to Niagara until February  
24<sup>th</sup>, 2022, the day Russia invaded Ukraine.

1 Then between July 12th, 2022 and February 8th, 2023, a California entity named  
2 Business Development International took over exports of Super Micro products to  
3 Niagara – in apparent contravention of U.S. trade restrictions – per import-export  
4 data.

5 In just a little more than 6 months, Business Development International shipped  
6 more than \$5.8 million of “computing machine devices”, “data  
7 processing blocks” and “parts and accessories” solely to Niagara Computers in  
8 Russia, per Tradesparq.

9 ...

10 Just as California-based Business Development International’s export operations  
11 were winding down, three recently-created Turkish companies took over shipping  
12 Super Micro products to Niagara.

13 The largest, Koc Gemicilik Ve Tasimacilik, was incorporated on January 11, 2022  
14 – about five weeks before Russia invaded Ukraine, per the Turkish corporate  
15 gazette

16 ...

17 Between March 6, 2023 and December 21, 2023, Koc Gemicilik Ve Tasimacilik  
18 exported \$32.1 million of Super Micro products solely to Niagara in Russia, per  
19 Tradesparq.

20 In June 2024, Koc Gemicilik Ve Tasimacilik was placed under U.S. sanctions for  
21 its role in smuggling restricted items to Russia.

22 The other two export intermediaries, Alfament Yazilim Teknoloji and AMD Ithalat  
23 Ihracat were both incorporated in Turkey within two months of the Russian  
24 invasion of Ukraine, per the Turkish corporate gazette.

25 Neither entity nor their sole shareholders appear to have any significant online  
26 presence.

27 Between January 2023 and October 2023, those two entities shipped a combined  
28 \$8.3 million of Super Micro components to Niagara, per Tradesparq. The vast  
majority of those products corresponded to HS trade prefix 8471.50 – items the  
U.S. says are being diverted for military use.

Newly-created Turkish entities, run by Ukrainian and Russian citizens, with little  
or no trading history and little or no online presence would have been an unmissable  
warning sign during even the most rudimentary due diligence and export  
compliance.

...

1 Between November 2, 2022 and November 14, 2023, Beiliande [an “Authorized  
2 Parnter” of SMCI via its partnership program] exported Super Micro products with  
3 a declared customs value of approximately \$10.25 million to Russia – via both its  
Shenzhen and Hong Kong operations, per Tradesparq.

4 The largest single Russian customer supplied by Beiliande was called Asilan, based  
5 in St Petersburg, which received goods with a declared customs value of about \$3.6  
6 million, per Tradesparq.

7 ...

8 Asilian states on the website that it is a partner of Super Micro, provides a link to  
9 Super Micro in Holland and features photos with Asilan personnel carrying boxes  
10 marked with the Super Micro logo. Its website features multiple links to what it  
11 says are Super Micro servers and data storage systems.

12 ...

13 Moscow-based IT distributor Vneshekostil received about \$29.4 million of Super  
14 Micro products following Russia’s 2022 invasion of Ukraine, per Tradesparq. It  
15 appears to have had no prior trading relationship with Super Micro and received  
16 most of the components via a Hong Kong exporter created seven weeks after the  
17 war began.

18 Vneshekostil was sanctioned by the U.S. in September 2023 after it became “one  
19 of the largest importers of dual-use chips into Russia”, per the U.S. Treasury.

20 (Emphasis added).

21 August 28, 2024

22 50. On August 28, 2024, SMCI announced it would “Delay Form 10-K filing for Fiscal  
23 Year 2024.” The Company provided, in pertinent part, the following explanation for the delay:

24 SMCI is unable to file its Annual Report within the prescribed time period without  
25 unreasonable effort or expense. Additional time is needed for SMCI’s management  
26 to complete its assessment of the design and operating effectiveness of its internal  
27 controls over financial reporting as of June 30, 2024.

28 51. The aforementioned disclosures that came to light in the Hindenburg Report and  
the apparent resulting delay in SMCI filing its fiscal year 2024 reporting are in direct contrast to  
Defendants fiscal reporting and associated statements and disclosures. On those publications,  
Defendants continually praised their alleged significant growth and healthy relationship with its  
related parties, and further firmly indicated they had ceased all dealings with Russia pursuant to



1 the United States export restrictions, obfuscating the risk of potential sanctions on the Company's  
2 profitability.

3 52. Investors and analysts reacted immediately to these revelations. The price of  
4 SMCI's common stock declined dramatically. From a closing market price of \$562.51 per share  
5 on August 26, 2024, SMCI's stock price fell to \$443.49 per share on August 28, 2024, a decline  
6 of about 21.16% in the span of only two days.

7 53. A number of well-known analysts who had been following SMCI lowered their  
8 price targets in response to SMCI's disclosures. For example, CFRA, while dropping their buy  
9 rating to hold, noted that they "downgrade SCMI to Hold following Hindenburg Research's recent  
10 allegations of accounting manipulation, export control failures, and customer issues." The analyst  
11 further noted multiple sources of concern, stating that "SCMI's delayed 10-K filing and potential  
12 reputational damage raises concern," "the unrefuted allegations and risk of customer erosion  
13 warrant caution," and "[t]he company's previous encounter with similar issues in 2018 further  
14 amplifies our concerns."

15 54. The fact that these analysts, and others, discussed SMCI's shortfall and below-  
16 expectation projections suggests the public placed significant weight on SMCI's prior revenue and  
17 sales estimates. The frequent, in-depth discussion of SMCI's guidance confirms that Defendants'  
18 statements during the Class Period were material.

#### 19 **D. Loss Causation and Economic Loss**

20 55. During the Class Period, as detailed herein, Defendants made materially false and  
21 misleading statements and engaged in a scheme to deceive the market and a course of conduct that  
22 artificially inflated the price of SMCI's common stock and operated as a fraud or deceit on Class  
23 Period purchasers of SMCI's common stock by materially misleading the investing public. Later,  
24 Defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the  
25 price of SMCI's common stock materially declined, as the prior artificial inflation came out of the  
26 price over time. As a result of their purchases of SMCI's common stock during the Class Period,  
27 Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages under federal  
28 securities laws.

1 56. SMCI's stock price fell in response to the corrective events on August 27 and 28,  
2 2024, as alleged *supra*. On August 27 and 28, 2024, information was disclosed that was directly  
3 related to the Defendants' prior misrepresentations and material omissions concerning SMCI's  
4 accounting principles, forecasting processes, and growth guidance.

5 57. In particular, on August 27, 2024, Hindenburg Research published the Report on  
6 SMCI detailing allegations of, pertinently, "red flags" concerning the manipulation of reported  
7 accounting, significant interplay between the Company and its disclosed related parties, various  
8 related parties SMCI has never disclosed, and a consistent export of products to Russia in  
9 contravention of United States export restrictions and their own statements to shareholders. Then,  
10 on August 28, 2024, SMCI revealed that it would not be able to timely file its annual report,  
11 confirming in the eyes of investors that Hindenburg Research's report was credible and actionable.

12 **E. Presumption of Reliance; Fraud-On-The-Market**

13 58. At all relevant times, the market for SMCI's common stock was an efficient market  
14 for the following reasons, among others:

15 (a) SMCI's common stock met the requirements for listing and was listed and actively  
16 traded on the NASDAQ during the Class Period, a highly efficient and automated market;

17 (b) SMCI communicated with public investors via established market communication  
18 mechanisms, including disseminations of press releases on the national circuits of major newswire  
19 services and other wide-ranging public disclosures, such as communications with the financial  
20 press and other similar reporting services;

21 (c) SMCI was followed by several securities analysts employed by major brokerage  
22 firms who wrote reports that were distributed to the sales force and certain customers of their  
23 respective brokerage firms during the Class Period. Each of these reports was publicly available  
24 and entered the public marketplace; and

25 (d) Unexpected material news about SMCI was reflected in and incorporated into the  
26 Company's stock price during the Class Period.

27 59. As a result of the foregoing, the market for SMCI's common stock promptly  
28 digested current information regarding the Company from all publicly available sources and

1 reflected such information in SMCI’s stock price. Under these circumstances, all purchasers of  
2 SMCI’s common stock during the Class Period suffered similar injury through their purchase of  
3 SMCI’s common stock at artificially inflated prices, and a presumption of reliance applies.

4 60. Alternatively, reliance need not be proven in this action because the action involves  
5 omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery  
6 pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United*  
7 *States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material in the sense  
8 that a reasonable investor might have considered the omitted information important in deciding  
9 whether to buy or sell the subject security.

10 **F. No Safe Harbor; Inapplicability of Bespeaks Caution Doctrine**

11 61. The statutory safe harbor provided for forward-looking statements under certain  
12 circumstances does not apply to any of the material misrepresentations and omissions alleged in  
13 this Complaint. As alleged above, Defendants’ liability stems from the fact that they provided  
14 investors with revenue projections while at the same time failing to maintain adequate forecasting  
15 processes. Defendants provided the public with forecasts that failed to account for this decline in  
16 sales and/or adequately disclose the fact that the Company at the current time did not have adequate  
17 forecasting processes.

18 62. To the extent certain of the statements alleged to be misleading or inaccurate may  
19 be characterized as forward looking, they were not identified as “forward-looking statements”  
20 when made and there were no meaningful cautionary statements identifying important factors that  
21 could cause actual results to differ materially from those in the purportedly forward-looking  
22 statements.

23 63. Defendants are also liable for any false or misleading “forward-looking statements”  
24 pleaded because, at the time each “forward-looking statement” was made, the speaker knew the  
25 “forward-looking statement” was false or misleading and the “forward-looking statement” was  
26 authorized and/or approved by an executive officer of SMCI who knew that the “forward-looking  
27 statement” was false. Alternatively, none of the historic or present-tense statements made by  
28 Defendants were assumptions underlying or relating to any plan, projection, or statement of future

1 economic performance, as they were not stated to be such assumptions underlying or relating to  
2 any projection or statement of future economic performance when made, nor were any of the  
3 projections or forecasts made by the defendants expressly related to or stated to be dependent on  
4 those historic or present-tense statements when made.

5 **CLASS ACTION ALLEGATIONS**

6 64. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
7 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise  
8 acquired SMCI's common stock during the Class Period (the "Class"); and were damaged upon  
9 the revelation of the alleged corrective disclosure. Excluded from the Class are defendants herein,  
10 the officers and directors of the Company, at all relevant times, members of their immediate  
11 families and their legal representatives, heirs, successors or assigns and any entity in which  
12 defendants have or had a controlling interest.

13 65. The members of the Class are so numerous that joinder of all members is  
14 impracticable. Throughout the Class Period, SMCI's common stock were actively traded on the  
15 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can  
16 be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or  
17 thousands of members in the proposed Class. Record owners and other members of the Class may  
18 be identified from records maintained by SMCI or its transfer agent and may be notified of the  
19 pendency of this action by mail, using the form of notice similar to that customarily used in  
20 securities class actions. As of April 30, 2024, there were approximately 58.5 million shares of the  
21 Company's common stock outstanding. Upon information and belief, these shares are held by  
22 thousands, if not millions, of individuals located throughout the country and possibly the world.  
23 Joinder would be highly impracticable.

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



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

3           72. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and  
4 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,  
5 practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other  
6 members of the Class; made various untrue statements of material facts and omitted to state  
7 material facts necessary in order to make the statements made, in light of the circumstances under  
8 which they were made, not misleading; and employed devices, schemes and artifices to defraud in  
9 connection with the purchase and sale of securities. Such scheme was intended to, and, throughout  
10 the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members,  
11 as alleged herein; (ii) artificially inflate and maintain the market price of SMCI common stock;  
12 and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire SMCI's  
13 securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of  
14 conduct, Defendants, and each of them, took the actions set forth herein.

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

22           74. By virtue of their positions at the Company, Defendants had actual knowledge of  
23 the materially false and misleading statements and material omissions alleged herein and intended  
24 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants  
25 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose  
26 such facts as would reveal the materially false and misleading nature of the statements made,  
27 although such facts were readily available to Defendants. Said acts and omissions of defendants  
28 were committed willfully or with reckless disregard for the truth. In addition, each defendant knew

1 or recklessly disregarded that material facts were being misrepresented or omitted as described  
2 above.

3 75. Information showing that Defendants acted knowingly or with reckless disregard  
4 for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or  
5 directors of the Company, the Individual Defendants had knowledge of the details of SMCI's  
6 internal affairs.

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

19 77. During the Class Period, SMCI's common stock was traded on an active and  
20 efficient market. Plaintiff and the other members of the Class, relying on the materially false and  
21 misleading statements described herein, which the defendants made, issued or caused to be  
22 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares  
23 of SMCI's common stock at prices artificially inflated by defendants' wrongful conduct. Had  
24 Plaintiff and the other members of the Class known the truth, they would not have purchased or  
25 otherwise acquired said common stock, or would not have purchased or otherwise acquired them  
26 at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff  
27 and the Class, the true value of SMCI's common stock was substantially lower than the prices paid  
28 by Plaintiff and the other members of the Class. The market price of SMCI's common stock



1 declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and  
2 Class members.

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

6 79. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the  
7 other members of the Class suffered damages in connection with their respective purchases,  
8 acquisitions and sales of the Company's common stock during the Class Period, upon the  
9 disclosure that the Company had been disseminating misrepresented financial statements to the  
10 investing public.

11 **COUNT II**

12 ***Against the Individual Defendants***

13 ***for Violations of Section 20(a) of the Exchange Act***

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

16 81. During the Class Period, the Individual Defendants participated in the operation  
17 and management of the Company, and conducted and participated, directly and indirectly, in the  
18 conduct of the Company's business affairs. Because of their senior positions, they knew the  
19 adverse non-public information about SMCI's misstatements.

20 82. As officers and/or directors of a publicly owned company, the Individual  
21 Defendants had a duty to disseminate accurate and truthful information, and to correct promptly  
22 any public statements issued by SMCI which had become materially false or misleading.

23 83. Because of their positions of control and authority as senior officers, the Individual  
24 Defendants were able to, and did, control the contents of the various reports, press releases and  
25 public filings which SMCI disseminated in the marketplace during the Class Period concerning  
26 the misrepresentations. Throughout the Class Period, the Individual Defendants exercised their  
27 power and authority to cause SMCI to engage in the wrongful acts complained of herein. The  
28 Individual Defendants therefore, were "controlling persons" of the Company within the meaning

1 of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct  
2 alleged which artificially inflated the market price of SMCI's common stock.

3 84. Each of the Individual Defendants, therefore, acted as a controlling person of the  
4 Company. By reason of their senior management positions and/or being directors of the Company,  
5 each of the Individual Defendants had the power to direct the actions of, and exercised the same  
6 to cause SMCI to engage in the unlawful acts and conduct complained of herein. Each of the  
7 Individual Defendants exercised control over the general operations of the Company and possessed  
8 the power to control the specific activities which comprise the primary violations about which  
9 Plaintiff and the other members of the Class complain.

10 85. By reason of the above conduct, the Individual Defendants and/or SMCI are liable  
11 pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

12 **PRAYER FOR RELIEF**

13 **WHEREFORE**, Plaintiff demand judgment against defendants as follows:

14 A. Determining that the instant action may be maintained as a class action under Rule  
15 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representatives;

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

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

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

21 **DEMAND FOR TRIAL BY JURY**

22 Plaintiff hereby demands a trial by jury.

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