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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

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

13 Plaintiff,

14 v.

15 ACTIVISION BLIZZARD, INC.,
16 ROBERT A. KOTICK, DENNIS
17 DURKIN, and SPENCER
18 NEUMANN,

19 Defendants.

No.

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

CLASS ACTION

JURY TRIAL DEMANDED

21 Plaintiff Gary Cheng (“Plaintiff”), individually and on behalf of all other
22 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
23 complaint against Defendants (defined below), alleges the following based upon
24 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and
25 belief as to all other matters, based upon, *inter alia*, the investigation conducted by
26 and through his attorneys, which included, among other things, a review of the
27 Defendants’ public documents, conference calls and announcements made by
28

1 Defendants, public filings, wire and press releases published by and regarding
2 Activision Blizzard, Inc. (“Activision Blizzard” or the “Company”), and
3 information readily obtainable on the Internet. Plaintiff believes that substantial
4 evidentiary support will exist for the allegations set forth herein after a reasonable
5 opportunity for discovery.

6 **NATURE OF THE ACTION**

7 1. This is a class action on behalf of persons or entities who purchased
8 or otherwise acquired publicly traded Activision Blizzard securities between
9 August 4, 2016 and July 27, 2021, inclusive (the “Class Period”). Plaintiff seeks
10 to recover compensable damages caused by Defendants’ violations of the federal
11 securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

12 **JURISDICTION AND VENUE**

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

17 3. This Court has jurisdiction over the subject matter of this action
18 pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C.
19 §78aa).

20 4. Venue is proper in this judicial district pursuant to 28 U.S.C. §
21 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged
22 misstatements entered and the subsequent damages took place in this judicial
23 district.

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

PARTIES

1
2 6. Plaintiff, as set forth in the accompanying certification, incorporated
3 by reference herein, purchased Activision Blizzard securities during the Class
4 Period and was economically damaged thereby.

5 7. Defendant Activision Blizzard purports to be one of the world's
6 largest video game publishers. Activision Blizzard is incorporated in Delaware
7 with its principal office located in Santa Monica, California. Activision Blizzard's
8 common stock trades on the NASDAQ under the ticker symbol "ATVI."

9 8. Defendant Robert A. Kotick ("Kotick") has served as the Company's
10 Chief Executive Officer ("CEO") at all relevant times.

11 9. Defendant Dennis Durkin ("Durkin") served as the Company's Chief
12 Financial Officer ("CFO") from the start of the Class Period to May 2017 and
13 from January 2019 and at all relevant times thereafter.

14 10. Defendant Spencer Neumann ("Neumann") served as the Company's
15 CFO from May 2017 to January 2019.

16 11. Defendants Kotick, Durkin, and Neumann are collectively referred to
17 herein as the "Individual Defendants."

18 12. Each of the Individual Defendants:

- 19 (a) directly participated in the management of the Company;
20 (b) was directly involved in the day-to-day operations of the
21 Company at the highest levels;
22 (c) was privy to confidential proprietary information concerning
23 the Company and its business and operations;
24 (d) was directly or indirectly involved in drafting, producing,
25 reviewing and/or disseminating the false and misleading statements
26 and information alleged herein;
27 (e) was directly or indirectly involved in the oversight or
28 implementation of the Company's internal controls;

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

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

6 13. Activision Blizzard is liable for the acts of the Individual Defendants
7 and its employees under the doctrine of *respondeat superior* and common law
8 principles of agency because all of the wrongful acts complained of herein were
9 carried out within the scope of their employment.

10 14. The scienter of the Individual Defendants and other employees and
11 agents of the Company is similarly imputed to Activision Blizzard under
12 *respondeat superior* and agency principles.

13 15. Defendant Activision Blizzard and the Individual Defendants are
14 collectively referred to herein as “Defendants.”

15 **SUBSTANTIVE ALLEGATIONS**

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

17 16. On August 4, 2016, Activision Blizzard filed a form 10-Q for the
18 quarterly period ended June 30, 2016 (“2Q 2016 10-Q”). Attached to the 2Q 2016
19 10-Q were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”)
20 signed by Defendants Kotick and Durkin.

21 17. The 2Q 2016 10-Q stated, in pertinent part:

22 *“We are party to routine claims, suits, investigations, audits, and*
23 *other proceedings arising from the ordinary course of business,*
24 *including with respect to intellectual property rights, contractual*
25 *claims, labor and employment matters, regulatory matters, tax*
26 *matters, unclaimed property matters, compliance matters, and*
27 *collection matters. In the opinion of management, after consultation*
28 *with legal counsel, such routine claims and lawsuits are not*
significant and we do not expect them to have a material adverse

1 *effect on our business, financial condition, results of operations, or*
2 *liquidity.”*

3 (Emphasis added.)

4 18. On November 3, 2016, Activision Blizzard filed a form 10-Q for the
5 quarterly period ended September 30, 2016 (“3Q 2016 10-Q”). Attached to the 3Q
6 2016 10-Q were SOX Certifications signed by Defendants Kotick and Durkin.

7 19. The 3Q 2016 10-Q stated, in relevant part:

8
9 *“We are party to routine claims, suits, investigations, audits, and*
10 *other proceedings arising from the ordinary course of business,*
11 including with respect to intellectual property rights, contractual
12 claims, *labor and employment matters*, regulatory matters, tax
13 matters, unclaimed property matters, *compliance matters*, and
14 collection matters. In the opinion of management, after consultation
15 with legal counsel, *such routine claims and lawsuits are not*
16 *significant and we do not expect them to have a material adverse*
17 *effect on our business, financial condition, results of operations, or*
18 *liquidity.”*

16 (Emphasis added.)

17
18 20. On February 28, 2017, Activision Blizzard filed a form 10-K for the
19 fiscal year ended December 31, 2016 (“2016 10-K”). Attached to the 2016 10-K
20 were SOX Certifications signed by Defendants Kotick and Durkin.

21 21. The 2016 10-K, in pertinent part, stated:

22 *“We may be involved in legal proceedings that have a negative*
23 *impact on our business.*

24
25 *From time to time, we are involved in claims, suits, government*
26 *investigations, audits and proceedings arising in the ordinary course*
27 *of our business, including actions with respect to* intellectual
28 property, competition and antitrust matters, privacy matters, tax
matters, *labor and employment matters*, unclaimed property matters,
compliance and commercial claims. In addition, negative consumer

1 sentiment about our business practices may result in inquiries or
2 investigations from regulatory agencies and consumer groups, as well
3 as litigation, which, regardless of their outcome, may be damaging to
4 our reputation.

5 ***Claims, suits, government investigations, audits and proceedings are***
6 ***inherently uncertain and their results are subject to significant***
7 ***uncertainties, many of which are outside of our control.*** Regardless
8 of the outcome, such legal proceedings can have a materially adverse
9 impact on us due to legal costs, diversion of management resources
10 and other factors. In addition, it is possible that a resolution of one or
11 more such proceedings could result in reputational harm, substantial
12 settlements, judgments, fines or penalties, criminal sanctions, consent
13 decrees or orders preventing us from offering certain features,
14 functionalities, products or services, requiring us to change our
15 development process or other business practices.

16 * * *

17 ***We are party to routine claims, suits, investigations, audits, and***
18 ***other proceedings arising from the ordinary course of business,***
19 ***including with respect to*** intellectual property rights, contractual
20 claims, ***labor and employment matters***, regulatory matters, tax
21 matters, unclaimed property matters, ***compliance matters***, and
22 collection matters. In the opinion of management, after consultation
23 with legal counsel, such routine claims and lawsuits are not significant
24 and ***we do not expect them to have a material adverse effect on our***
25 ***business, financial condition, results of operations, or liquidity.***

26 (Emphasis added.)

27 22. On February 27, 2018, Activision Blizzard filed a form 10-K for the
28 fiscal year ended December 31, 2017 (“2017 10-K”). Attached to the 2017 10-K
were SOX Certifications signed by Defendants Kotick and Neumann.

23 23. The 2017 10-K, in relevant part, stated:

24 ***“We may be involved in legal proceedings that have a negative***
25 ***impact on our business.***

1 24. On February 28, 2019, Activision Blizzard filed a form 10-K for the
2 fiscal year ended December 31, 2018 (“2018 10-K”). Attached to the 2018 10-K
3 were SOX Certifications signed by Defendants Kotick and Durkin.

4 25. The 2018 10-K stated, in pertinent part:

5 *“We may be involved in legal proceedings that have a negative*
6 *impact on our business.*

7 *From time to time, we are involved in claims, suits, investigations,*
8 *audits and proceedings arising in the ordinary course of our*
9 *business, including with respect to* intellectual property, competition
10 *and antitrust matters, regulatory matters, tax matters, privacy matters,*
11 *labor and employment matters, compliance matters,* unclaimed
12 *property matters, liability and personal injury claims, product damage*
13 *claims, collection matters, and/or commercial claims. In addition,*
14 *negative consumer sentiment about our business practices may result*
15 *in inquiries or investigations from regulatory agencies and consumer*
16 *groups, as well as litigation, which, regardless of their outcome, may*
17 *be damaging to our reputation.*

18 *Claims, suits, investigations, audits, and proceedings are inherently*
19 *difficult to predict and their results are subject to significant*
20 *uncertainties, many of which are outside of our control.* Regardless
21 of the outcome, such legal proceedings can have a negative impact on
22 us due to legal costs, diversion of management resources and other
23 factors. In addition, it is possible that a resolution of one or more such
24 proceedings could result in reputational harm, substantial settlements,
25 judgments, fines or penalties, criminal sanctions, consent decrees, or
26 orders preventing us from offering certain features, functionalities,
27 products or services, requiring us to change our development process
28 or other business practices.

* * *

29 *[W]e are party to routine claims, suits, investigations, audits, and*
30 *other proceedings arising in the ordinary course of business,*
31 *including with respect to* intellectual property, competition and
32 *antitrust matters, regulatory matters, tax matters, privacy matters,*

1 *labor and employment matters, compliance matters*, unclaimed
2 property matters, liability and personal injury claims, product damage
3 claims, collection matters, and/or commercial claims. In the opinion
4 of management, after consultation with legal counsel, such routine
5 claims and lawsuits are not significant and *we do not expect them to
6 have a material adverse effect on our business, financial condition,
7 results of operations, or liquidity.*”

8 (Emphasis added.)

9 26. On February 27, 2020, Activision Blizzard filed a form 10-K for the
10 fiscal year ended December 31, 2019 (“2019 10-K”). Attached to the 2019 10-K
11 were SOX Certifications signed by Defendants Kotick and Durkin.

12 27. The 2019 10-K, in relevant part, stated:

13 *“We may be involved in legal proceedings that have a negative
14 impact on our business.*

15 *From time to time, we are involved in claims, suits, investigations,
16 audits and proceedings arising in the ordinary course of our
17 business, including with respect to* intellectual property, competition
18 and antitrust matters, regulatory matters, tax matters, privacy matters,
19 *labor and employment matters, compliance matters*, unclaimed
20 property matters, liability and personal injury claims, product damage
21 claims, collection matters, and/or commercial claims. In addition,
22 negative consumer sentiment about our business practices may result
23 in inquiries or investigations from regulatory agencies and consumer
24 groups, as well as litigation, which, regardless of outcome, may be
25 damaging to our reputation.

26 *Claims, suits, investigations, audits, and proceedings are inherently
27 difficult to predict, and their results are subject to significant
28 uncertainties, many of which are outside of our control.* Regardless
of the outcome, such legal proceedings can have a negative impact on
us due to legal costs, diversion of management resources and other
factors. In addition, it is possible that a resolution of one or more such
proceedings could result in reputational harm, substantial settlements,
judgments, fines or penalties, criminal sanctions, consent decrees, or

1 orders preventing us from offering certain features, functionalities,
2 products or services, requiring us to change our development process
3 or other business practices.

4 * * *

5 *[W]e are party to routine claims, suits, investigations, audits, and*
6 *other proceedings arising in the ordinary course of business,*
7 *including with respect to* intellectual property, competition and
8 antitrust matters, regulatory matters, tax matters, privacy matters,
9 *labor and employment matters, compliance matters,* unclaimed
10 property matters, liability and personal injury claims, product damage
11 claims, collection matters, and/or commercial claims. In the opinion
12 of management, after consultation with legal counsel, such routine
13 claims and lawsuits are not significant and *we do not expect them to*
14 *have a material adverse effect on our business, financial condition,*
15 *results of operations, or liquidity.”*

16 (Emphasis added.)

17 28. On February 23, 2021, Activision Blizzard filed a form 10-K for the
18 fiscal year ended December 31, 2020 (“2020 10-K”). Attached to the 2020 10-K
19 were SOX Certifications signed by Defendants Kotick and Durkin.

20 29. The 2020 10-K stated, in relevant part:

21 *“We may be involved in legal proceedings that have a negative*
22 *impact on our business.*

23 *From time to time, we are involved in claims, suits, investigations,*
24 *audits, and proceedings arising in the ordinary course of our*
25 *business, including with respect to* intellectual property, competition
26 and antitrust, regulatory, tax, privacy, *labor and employment,*
27 *compliance,* unclaimed property, liability and personal injury, product
28 damage, collection, and/or commercial matters. In addition, negative
consumer sentiment about our business practices may result in
inquiries or investigations from regulatory agencies and consumer
groups, as well as litigation.

1 * * *

2
3 Managers: be a role model

4 We're all expected to be role models in living our Code, standing up
5 for what's right and acting proactively to stay on the right track. *If*
6 *you are a manager, it's also an important part of your job to:*

7 **Make our Code a priority.** Emphasize its importance and make sure
8 your team gets the training they need to get to know our Code and
9 policies.

10 **Be accessible.** Let your team know that they can come to you
11 whenever they have questions, concerns, or something to report.

12 **Just ask!** Even though you are one of the go-to people for questions
13 about the Code, you're not expected to have all the answers. Just turn
14 to the ASK list (you'll find it under the main menu or under the ASK
15 list button in bottom right corner) whenever you're unsure about
something.

16 **Escalate.** An important part of your job is how you handle questions
17 and concerns that are brought to you. *If a report or question raises*
18 *any concern at all, you should escalate it right away.*

19 **And of course, walk the talk!** *It's crucial that you lead by example*
20 *in living our Code.*

21 **The law: don't mess with it**

22 Our company, and we as employees, must comply with all of the
23 laws, rules and regulations that apply to our business wherever we do
24 business – in every city, state and country. And no, you don't need to
25 know the details of every law related to your area of responsibility by
26 heart. But yes, you do need to know enough to do your job with
27 integrity and to recognize when it's time to get in touch with one of
28 our friends in the Legal Department. If you're ever unsure whether or
not to act or what action to take – or whether or not that action is legal
and respectful in any location – it's always better to just ask!

* * *

HARASSMENT: DON'T DO IT

What it all comes down to is one simple, yet so important word: Respect. We all want to go to work feeling safe and comfortable when we step through the doors and interact with each other. It's an absolute necessity in order to work well together and achieve our goals. Each of us is expected to do our part to create a respectful workplace culture – one that is free of unlawful bias, harassment, intimidation, and discrimination of any kind.

We do not tolerate these actions in any form – physical, verbal or non-verbal – including:

- Remarks, gestures or behavior relating to a legally protected characteristic that offends someone
- Offensive comments, jokes or pictures related to personal characteristics
- *Sexual harassment*, like unwanted advances, inappropriate sexual jokes, sexually suggestive comments, inappropriate touching, requests for sexual favors and inappropriate comments about another's appearance

* * *

DIVERSITY AND NON-DISCRIMINATION: RESPECT DIFFERENCES

Diversity is one of our greatest strengths as a company. With all of our unique talents and our great mix of people, we spark innovation, create stronger teams and stay ahead of our competition. And it's up to each and every one of us to help our company build and maintain an inclusive work environment that fosters respect and reflects the diversity of the communities where we operate. *Our company doesn't tolerate discrimination or make employment-related decisions on the*

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basis of a protected characteristic or any other basis protected by applicable law.

* * *

Drugs and alcohol: stay sharp

We trust each other to keep our heads straight and minds clear at work. That’s why *it’s never okay to possess, use or be under the influence of illegal drugs while on the job. Abusing drugs or alcohol at work, or before work, can lead to safety issues, damage your business relationships, or hurt your productivity and innovation.* Simply put, it all comes down to using good judgment and common sense.

* * *

Workplace laws: we follow them

We comply with all applicable wage and labor laws. This can be a complex area, so always feel free to reach out to someone on the ASK list if you have any questions. Of course, *we don’t tolerate retaliation against employees for asking questions or attempting to invoke their rights under applicable laws.*”

(Emphasis added.)

31. The statements contained in ¶¶16-30 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company’s business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Activision Blizzard discriminated against women and minority employees; (2) Activision Blizzard fostered a pervasive “frat boy” workplace culture that continues to thrive; (3) numerous complaints about unlawful harassment, discrimination, and retaliation were made to human resources (“HR”) personnel

1 and executives which went unaddressed; (4) the pervasive culture of harassment,
2 discrimination, and retaliation would result in serious impairments to Activision
3 Blizzard's operations; (5) as a result as a result of the foregoing, the Company was
4 at greater risk of regulatory and legal scrutiny and enforcement, including that
5 which would have a material adverse effect; (6) Activision Blizzard failed to
6 inform shareholders that the California Department of Fair Employment and
7 Housing ("DFEH") had been investigating Activision Blizzard for harassment and
8 discrimination; and (7) as a result, Defendants' statements about Activision
9 Blizzard's business, operations, and prospects, were materially false and
10 misleading and/or lacked a reasonable basis at all relevant times.

11 **THE TRUTH EMERGES**

12 32. On July 21, 2021, *Bloomberg Law* reported that the DFEH filed a
13 lawsuit against Activision Blizzard. The article states, in relevant part:

14 *"A two-year investigation by the state agency found that the*
15 *company discriminated against female employees in terms and*
16 *conditions of employment, including compensation, assignment,*
17 *promotion, and termination. Company leadership consistently failed*
18 *to take steps to prevent discrimination, harassment, and retaliation,*
the agency said.

19 According to the complaint, filed Tuesday in the Los Angeles
20 Superior Court, *female employees make up around 20% of the*
21 *Activision workforce, and are subjected to a 'pervasive frat boy*
22 *workplace culture,' including 'cube crawls,' in which male*
23 *employees 'drink copious amounts of alcohol as they crawl their*
24 *way through various cubicles in the office and often engage in*
inappropriate behavior toward female employees.'

25 The agency alleges male employees play video games during the
26 workday while delegating responsibilities to female employees,
27 engage in sexual banter, and joke openly about rape, among other
28 things.

1 *Female employees allege being held back from promotions because*
2 *of the possibility they might become pregnant, being criticized for*
3 *leaving to pick their children up from daycare, and being kicked out*
4 *of lactation rooms so male colleagues could use the room for*
5 *meetings, the complaint says.*

6 * * *

7 The suit also points to *a female Activision employee who took her*
8 *own life while on a company trip with her male supervisor. The*
9 *employee had been subjected to intense sexual harassment prior to*
10 *her death*, including having nude photos passed around at a company
11 holiday party, the complaint says.

12 * * *

13 ‘We value diversity and strive to foster a workplace that offers
14 inclusivity for everyone. There is no place in our company or
15 industry, or any industry, for sexual misconduct or harassment of any
16 kind,’ a spokesperson for Activision Blizzard said in a statement. *‘We*
17 *take every allegation seriously and investigate all claims.* In cases
18 related to misconduct, action was taken to address the issue.’

19 *‘The DFEH includes distorted, and in many cases false, descriptions*
20 *of Blizzard’s past.* We have been extremely cooperative with the
21 DFEH throughout their investigation, including providing them with
22 extensive data and ample documentation, but they refused to inform
23 us what issues they perceived,’ the statement continued.

24 *‘The picture the DFEH paints is not the Blizzard workplace of*
25 *today,’* the company said.”

26 (Emphasis added.)

27 33. On July 26, 2021, more than two thousand former and current
28 Activision Blizzard employees signed a petition condemning Activision
Blizzard’s response to the lawsuit as “abhorrent and insulting.” The petition reads,
in relevant part:

1 “We believe these statements have damaged our ongoing quest for
2 equality inside and outside of our industry. Categorizing the claims
3 that have been made as ‘distorted, and in many cases false’ creates a
4 company atmosphere that disbelieves victims. It also casts doubt on
5 our organizations’ ability to hold abusers accountable for their actions
6 and foster a safe environment for victims to come forward in the
7 future. *These statements make it clear that our leadership is not
8 putting our values first. Immediate corrections are needed from the
9 highest level of our organization.*

10 *Our company executives have claimed that actions will be taken to
11 protect us, but in the face of legal action — and the troubling
12 official responses that followed — we no longer trust that our
13 leaders will place employee safety above their own interests. To
14 claim this is a ‘truly meritless and irresponsible lawsuit,’ while seeing
15 so many current and former employees speak out about their own
16 experiences regarding harassment and abuse, is simply
17 unacceptable.”*

18 (Emphasis added.)

19 34. On July 27, 2021, Activision Blizzard employees planned a walkout
20 and work stoppage to support the petition against the Company, to be held the
21 following day.

22 35. Also on July 27, 2021, Defendant Kotick sent an internal email
23 apologizing for the Company’s “tone deaf” response to the DFEH lawsuit and
24 promising “swift action to be [. . .] compassionate[,] caring [and] to ensure a safe
25 environment.”

26 36. On this news, the price of Activision Blizzard shares traded at
27 unusually high volumes and fell \$5.89, or over 6%, to close at \$84.05 on July 27,
28 2021, damaging investors.

1 37. As a result of Defendants’ wrongful acts and omissions, and the
2 precipitous decline in the market value of the Company’s common shares,
3 Plaintiff and other Class members have suffered significant losses and damages.

4 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5 38. Plaintiff brings this action as a class action pursuant to Federal Rule
6 of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons
7 other than Defendants who acquired Activision Blizzard securities publicly traded
8 on the NASDAQ during the Class Period, and who were damaged thereby (the
9 “Class”). Excluded from the Class are Defendants, the officers and directors of
10 Activision Blizzard, members of the Individual Defendants’ immediate families
11 and their legal representatives, heirs, successors or assigns and any entity in which
12 Defendants have or had a controlling interest.

13 39. The members of the Class are so numerous that joinder of all
14 members is impracticable. Throughout the Class Period, Activision Blizzard
15 securities were actively traded on the NASDAQ. While the exact number of Class
16 members is unknown to Plaintiff at this time and can be ascertained only through
17 appropriate discovery, Plaintiff believes that there are hundreds, if not thousands
18 of members in the proposed Class.

19 40. Plaintiff’s claims are typical of the claims of the members of the
20 Class as all members of the Class are similarly affected by Defendants’ wrongful
21 conduct in violation of federal law that is complained of herein.

22 41. Plaintiff will fairly and adequately protect the interests of the
23 members of the Class and has retained counsel competent and experienced in class
24 action and securities litigation. Plaintiff has no interests antagonistic to or in
25 conflict with those of the Class.

26 42. Common questions of law and fact exist as to all members of the
27 Class and predominate over any questions solely affecting individual members of
28 the Class. Among the questions of law and fact common to the Class are:

1 • whether the Exchange Act was violated by Defendants' acts as
2 alleged herein;

3 • whether statements made by Defendants to the investing public
4 during the Class Period misrepresented material facts about the financial condition
5 and business of Activision Blizzard;

6 • whether Defendants' public statements to the investing public during
7 the Class Period omitted material facts necessary to make the statements made, in
8 light of the circumstances under which they were made, not misleading;

9 • whether the Defendants caused Activision Blizzard to issue false and
10 misleading filings during the Class Period;

11 • whether Defendants acted knowingly or recklessly in issuing false
12 filings;

13 • whether the prices of Activision Blizzard securities during the Class
14 Period were artificially inflated because of the Defendants' conduct complained of
15 herein; and

16 • whether the members of the Class have sustained damages and, if so,
17 what is the proper measure of damages.

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

25 44. Plaintiff will rely, in part, upon the presumption of reliance
26 established by the fraud-on-the-market doctrine in that:

27 • Activision Blizzard's shares met the requirements for listing, and
28 were listed and actively traded on the NASDAQ, an efficient market;

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

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

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

- 12 • employed devices, schemes and artifices to defraud;
- 13 • made untrue statements of material facts or omitted to state material
14 facts necessary in order to make the statements made, in light of the circumstances
15 under which they were made, not misleading; or
- 16 • engaged in acts, practices and a course of business that operated as a
17 fraud or deceit upon Plaintiff and others similarly situated in connection with their
18 purchases of Activision Blizzard securities during the Class Period.

19 51. Defendants acted with scienter in that they knew that the public
20 documents and statements issued or disseminated in the name of Activision
21 Blizzard were materially false and misleading; knew that such statements or
22 documents would be issued or disseminated to the investing public; and
23 knowingly and substantially participated, or acquiesced in the issuance or
24 dissemination of such statements or documents as primary violations of the
25 securities laws. These Defendants by virtue of their receipt of information
26 reflecting the true facts of Activision Blizzard, their control over, and/or receipt
27 and/or modification of Activision Blizzard's allegedly materially misleading
28 statements, and/or their associations with the Company which made them privy to

1 confidential proprietary information concerning Activision Blizzard, participated
2 in the fraudulent scheme alleged herein.

3 52. Individual Defendants, who are the senior officers and/or directors of
4 the Company, had actual knowledge of the material omissions and/or the falsity of
5 the material statements set forth above, and intended to deceive Plaintiff and the
6 other members of the Class, or, in the alternative, acted with reckless disregard for
7 the truth when they failed to ascertain and disclose the true facts in the statements
8 made by them or other Activision Blizzard personnel to members of the investing
9 public, including Plaintiff and the Class.

10 53. As a result of the foregoing, the market price of Activision Blizzard
11 securities was artificially inflated during the Class Period. In ignorance of the
12 falsity of Defendants' statements, Plaintiff and the other members of the Class
13 relied on the statements described above and/or the integrity of the market price of
14 Activision Blizzard securities during the Class Period in purchasing Activision
15 Blizzard securities at prices that were artificially inflated as a result of
16 Defendants' false and misleading statements.

17 54. Had Plaintiff and the other members of the Class been aware that the
18 market price of Activision Blizzard securities had been artificially and falsely
19 inflated by Defendants' misleading statements and by the material adverse
20 information which Defendants did not disclose, they would not have purchased
21 Activision Blizzard securities at the artificially inflated prices that they did, or at
22 all.

23 55. As a result of the wrongful conduct alleged herein, Plaintiff and other
24 members of the Class have suffered damages in an amount to be established at
25 trial.

26 56. By reason of the foregoing, Defendants have violated Section 10(b)
27 of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the
28 Plaintiff and the other members of the Class for substantial damages which they

1 suffered in connection with their purchase of Activision Blizzard securities during
2 the Class Period.

3 **COUNT II**
4 **Violations of Section 20(a) of the Exchange Act**
5 **Against the Individual Defendants**

6 57. Plaintiff repeats and realleges each and every allegation contained in
7 the foregoing paragraphs as if fully set forth herein.

8 58. During the Class Period, the Individual Defendants participated in the
9 operation and management of Activision Blizzard, and conducted and
10 participated, directly and indirectly, in the conduct of Activision Blizzard's
11 business affairs. Because of their senior positions, they knew the adverse non-
12 public information about Activision Blizzard's misstatement of revenue and profit
13 and false financial statements.

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

19 60. Because of their positions of control and authority as senior officers,
20 the Individual Defendants were able to, and did, control the contents of the
21 various reports, press releases and public filings which Activision Blizzard
22 disseminated in the marketplace during the Class Period concerning Activision
23 Blizzard's results of operations. Throughout the Class Period, the Individual
24 Defendants exercised their power and authority to cause Activision Blizzard to
25 engage in the wrongful acts complained of herein. The Individual Defendants
26 therefore, were "controlling persons" of Activision Blizzard within the meaning of
27 Section 20(a) of the Exchange Act. In this capacity, they participated in the
28

1 unlawful conduct alleged which artificially inflated the market price of Activision
2 Blizzard securities.

3 61. By reason of the above conduct, the Individual Defendants are liable
4 pursuant to Section 20(a) of the Exchange Act for the violations committed by
5 Activision Blizzard.

6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiff, on behalf of himself and the Class, prays for
8 judgment and relief as follows:

9 (a) declaring this action to be a proper class action, designating plaintiff
10 as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of
11 the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead
12 Counsel;

13 (b) awarding damages in favor of plaintiff and the other Class members
14 against all defendants, jointly and severally, together with interest thereon;

15 (c) awarding plaintiff and the Class reasonable costs and expenses
16 incurred in this action, including counsel fees and expert fees; and

17 (d) awarding plaintiff and other members of the Class such other and
18 further relief as the Court may deem just and proper.

19
20 **JURY TRIAL DEMANDED**

21 Plaintiff hereby demands a trial by jury.

22
23 Dated: August 3, 2021

24 **THE ROSEN LAW FIRM, P.A.**

25 /s/Laurence M. Rosen

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