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8	UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA				
9					
10	GARY CHENG, Individually and on	G N 221 06240 DA IEM			
11	behalf of all others similarly situated,	Case No. 2:21-cv-06240-PA-JEM			
12		SECOND AMENDED CLASS			
13	Plaintiff,	ACTION COMPLAINT FOR			
14		VIOLATIONS OF THE FEDERAL SECURITIES			
15	V.	LAWS			
	ACTIVISION BLIZZARD, INC.,	CLACCACTION			
16	ROBERT A. KOTICK, DENNIS	<u>CLASS ACTION</u> JURY TRIAL DEMANDED			
17	DURKIN, SPENCER NEUMANN, ARMIN ZERZA, and BRIAN KELLY,				
18	ARIVIIN ZERZA, and DRIAN RELLT,				
19	Defendants.				
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C.	The EEOC and DFEH Open Investigations Into Activision Blizzard for Systemic Sexual Harassment and Gender Discrimination Against Female Employees by Commissioner's Charge and Director Complaint, Respectively.			
1)	The EEOC Initiates an Investigation of Activision Blizzard with a Commissioner's Charge on September 26, 2018			
2)	The DFEH Begins Requesting Information From Activision Blizzard in 2017 and Initiates a Formal Investigation Into Systemic Misconduct by Serving the Company with a Director's Complaint on October 12, 2018			
D.	Defendants Did Not Disclose the EEOC and DFEH Investigations, and Instead Stated Repeatedly During the Class Period that the Company was Party to Only "RoutineInvestigations" that Arose in "the Ordinary Course of Business," Were "Not Significant," and Not Expected "to Have a Material Adverse Effect" on Activision Blizzard's Business			
E.	The EEOC and DFEH Investigations Were Not "Routine" and in the "Ordinary Course of Business;" The EEOC and DFEH Investigations Were "Significant" and Likely "to Have a Material Adverse Effect" on Activision Blizzard's Business			



1	1)	EEOC Commissioner's Charges and DFEH Director's Complaints Are Rarely Used Mechanisms That Those Agencies Use for Investigations into
2		Systemic Harassment and Discrimination
3 4	a.	The EEOC's Commissioner's Charge against Activision Blizzard was one of only 11 filed in 2018
5 6 7 8	b.	The DFEH Filed Only 4 Director's Complaints in 2019 and 3 Director's Complaints in 2020 and in Each of Those Years the Director's Complaint Against Activision Blizzard was Only One of 10 Additional Director's Complaints Under Investigation
9 10 11 12	2)	In Response to the Investigations, Activision Blizzard Made Significant Changes to its Human Resources Procedures, Which Included Instituting a Formal Process for Investigating Sexual Harassment Complaints For the First Time and Instituting Regular Meetings Between Human Resources and its Legal Team
13 14	3)	The EEOC and DFEH Investigations Caused Activision Blizzard to Fire Important Employees Before the Investigations Became Public29
15 16	4)	Activision Blizzard's Board of Directors was Informed About the EEOC and DFEH Investigations
17 18 19 20	5)	The EEOC and DFEH Investigations Were Both Very Extensive — Both Interviewed More Than 100 Witnesses — and the DFEH Served Activision Blizzard With a Broad Subpoena Duces Tecum After it Had Already Been Investigating For More Than Two Years
21 22 23 24	6)	Endemic Sexual Harassment and Discrimination at Activision Blizzard and The Inevitable Fact that the that the EEOC and DFEH Would Discover It Rendered the Investigations Non-Routine and Significant, and Precluded the Possibility that they Would Not Have a Material Effect on the Company. 36
25 26 27	a.	Sexual Harassment Was Pervasive at Blizzard, Including Among High- Level Employees
28		



1	b.	Activision Blizzard Employees Who Complained About Sexual Harassment to Human Resources or their Supervisors Suffered
2		Retaliation
3 4	c.	Defendant Kotick Knew for Years About Sexual-Misconduct at Blizzard and Other Parts of the Company
5 6 7	d.	J. Allen Brack and Michael Morhaime — Who Served as Blizzard's Presidents During and Right Before the Class Period, Were Each Aware of the Pervasive Harassment
8 9 10 11	e.	The DFEH, EEOC, and <i>Bloomberg</i> also Found that Activision Blizzard Discriminated Against its Female Employees, Especially Those Who Were Pregnant, Mothers, or of Color, by Giving Them Fewer Opportunities and Lower Pay
12 13	f.	As With Sexual Harassment, President Brack and Human Resources Were Aware of the Discrimination and Women Who Complained Were Either Ignored or Suffered Retaliation
141516	7)	Activision Blizzard Repeatedly Stated That the Company's Reputation as a Good Place to Work and its Commitment to Diversity and Inclusion was Important to the Success of the Company During the Class Period69
17 18 19 20	8)	Starting in October 2017, the #MeToo Movement Led to the Firing of Numerous High Profile Executives at Other Companies, Making it Clear that the Company Could Not Handle the DFEH and EEOC Investigations as Routine Matters and that They Were Significant and Could Have a Material Effect on the Company.
21 22 23 24	9)	Defendants Admitted That the Investigations Were Material, Not Routine and Significant by Stating in its Public Filings Two Weeks After the DFEH Complaint Was Filed That its Business Could be Adversely Impacted
25 26 27 28	l t	On July 20, 2021, the DFEH Publicly filed its Complaint Against Activision Blizzard, Revealing the Pervasive Misconduct at the Company, and Leading to Enormous Reputational Damage, Employee Walkouts, and the Decline of the Company's Share Price



	1	
1	G.	The Fallout From the DFEH Lawsuit Continues, Including the Resignations of Blizzard's President and Head of Human Resources and the Firing of the
2		Director of Diablo IV
3 4	Н.	The DFEH Amends Its Complaint to Add Claims that Activision Blizzard Obstructed its Investigation81
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7		Blizzard's Chief Legal Officer and Executive Producer of Overwatch Leave
8		the Company83
9	J.	On September 27, 2021, the EEOC Files a Sexual Harassment, Sex
10		Discrimination, and Retaliation Complaint under Title VII Against
11		Activision Blizzard, and the Company Enters Into a Consent Decree as a Condition of Settlement
12		
13	K.	Due to the Ongoing Scandal, Activision Blizzard Fires 20 Employees; Cancels its Yearly Showcase; Institutes a "New Zero-Tolerance Harassment
14		Policy"; Waives Required Arbitration of Sexual Harassment and
15		Discrimination Claims; and Defendant Kotick Cuts his Own Base Salary to \$62,500
16	L.	Activision Blizzard Admits That Leadership Changes to Their Diablo and
17	L.	Overwatch Franchises, Forced by the Ongoing Sexual Harassment Scandal,
18		Would Cause the Latest Installments of Those Games to be Delayed and that
19		Jennifer Oneal was Departing from her Position as Co-leader of Blizzard, Leading to a Huge Drop in the Company's Stock88
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21	M.	The November 16 <i>Wall Street Journal</i> Article is Published Revealing That Defendant Kotick Knew About Sexual-Misconduct Allegations at Activision
22		Blizzard for Years, the Company had Received More Than 500 Harassment
23		and Discrimination Reports From Current and Former Employees Since the DFEH Complaint was Filed, and That Jennifer Oneal Sent an Internal Email
24		Saying She Was "Tokenized, Marginalized, and Discriminated Against"
25		Prior to Her Resignation92
26	N.	The SEC Widens its Investigation of Activision Blizzard and the DFEH
27		Subpoenas the Police Departments in the Los Angeles Area for Records
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