

1 Laurence M. Rosen (SBN 219683)
2 **THE ROSEN LAW FIRM, P.A.**
3 355 South Grand Avenue, Suite 2450
4 Los Angeles, CA 90071
5 Telephone: (213) 785-2610
6 Facsimile: (213) 226-4684
7 Email: lrosen@rosenlegal.com

8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 WILLIAM BAKER, Individually and
12 on behalf of all others similarly
13 situated,

14 Plaintiff,

15 v.

16 TWITTER, INC., JACK DORSEY,
17 NED SEGAL, and PARAG
18 AGRAWAL,

19 Defendants.

No.

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

CLASS ACTION

JURY TRIAL DEMANDED

21 Plaintiff William Baker (“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 Twitter, Inc. (“Twitter” or the “Company”), and information readily obtainable on
3 the Internet. Plaintiff believes that substantial evidentiary support will exist for the
4 allegations set forth herein after a reasonable opportunity for discovery.

5 **NATURE OF THE ACTION**

6 1. This is a class action on behalf of persons or entities who purchased
7 or otherwise acquired publicly traded Twitter securities between August 3, 2020
8 and August 23, 2022, inclusive (the “Class Period”). Plaintiff seeks to recover
9 compensable damages caused by Defendants’ violations of the federal securities
10 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

11 **JURISDICTION AND VENUE**

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

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

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

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

28 **PARTIES**

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

4 7. Defendant Twitter purports to be a global social media platform for
5 public self-expression and conversation in real time. Twitter is incorporated in
6 Delaware with offices located all throughout the world, including in Los Angeles.
7 Twitter's common stock trades on the New York Stock Exchange ("NYSE")
8 under the ticker symbol "TWTR."

9 8. Defendant Jack Dorsey ("Dorsey") is the co-founder of Twitter and
10 served as its Chief Executive Officer ("CEO") from at least the start of the class
11 period to November 29, 2021.

12 9. Defendant Parag Agrawal ("Agrawal") served as the Company's
13 CEO from November 29, 2021 and at all relevant times thereafter.

14 10. Defendant Ned Segal ("Segal") served as the Company's Chief
15 Financial Officer ("CFO") at all relevant times.

16 11. Defendants Dorsey, Agrawal, and Segal 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. Twitter is liable for the acts of the Individual Defendants and its
7 employees under the doctrine of *respondeat superior* and common law principles
8 of agency because all of the wrongful acts complained of herein were carried out
9 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 Twitter under *respondeat superior*
12 and agency principles.

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

15 **SUBSTANTIVE ALLEGATIONS**

16 **Background**

17 16. In 2010, the Federal Trade Commission (“FTC”) filed a complaint
18 against Twitter for mishandling users’ private information and the issue of too
19 many employees having access to Twitter’s central controls.

20 17. On March 11, 2011, the FTC agreed to a settlement with Twitter. As
21 part of the settlement, Twitter agreed it would be “barred for 20 years from
22 misleading consumers about the extent to which it protects the security, privacy,
23 and confidentiality of nonpublic consumer information, including the measures it
24 takes to prevent unauthorized access to nonpublic information and honor the
25 privacy choices made by consumers.”¹

26
27
28 ¹ <https://www.ftc.gov/news-events/news/press-releases/2011/03/ftc-accepts-final-settlement-twitter-failure-safeguard-personal-information-0>, (last accessed September 13, 2022)

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

2 18. On August 3, 2020, Twitter filed a form 10-Q for the quarterly period
3 ended June 30, 2020 (“2Q 2020 10-Q”). Attached to the 2Q 2020 10-Q were
4 certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by
5 Defendants Dorsey and Segal.

6 19. The 2Q 2020 10-Q stated, in pertinent part:

7
8 ***Our products may contain errors or our security measures may be***
9 ***breached, resulting in the exposure of private information. Our***
10 ***products and services may be subject to attacks that degrade or deny***
11 ***the ability of people to access our products and services. These***
12 ***issues may result in the perception that our products and services***
13 ***are not secure, and people on Twitter and advertisers may curtail or***
14 ***stop using our products and services and our business and operating***
15 ***results could be harmed.***

16 Our products and services involve the storage and transmission of
17 people's and advertisers' information, and security incidents,
18 including those caused by unintentional errors and those
19 intentionally caused by third parties, may expose us to a risk of loss
20 of this information, litigation, increased security costs and potential
21 liability. We and our third-party service providers experience cyber-
22 attacks of varying degrees on a regular basis. We expect to incur
23 significant costs in an effort to detect and prevent security breaches
24 and other security-related incidents, and we may face increased costs
25 in the event of an actual or perceived security breach or other security-
26 related incident. In particular, the COVID-19 pandemic is increasing
27 the opportunities available to criminals, as more companies and
28 individuals work online, and as such, the risk of a cybersecurity
incident potentially occurring is increasing. We cannot provide
assurances that our preventative efforts will be successful. **If an**
actual or perceived breach of our security occurs, the market
perception of the effectiveness of our security measures could be
harmed, people on Twitter and our advertisers may be harmed, lose
trust and confidence in us, decrease the use of our products and
services or stop using our products and services in their entirety. We
may also incur significant legal and financial exposure, including

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