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11

12   **UNITED STATES DISTRICT COURT**
                  NORTHERN DISTRICT OF CALIFORNIA
13

14 | TATIANA PAVLOVA-COLEMAN, | |
   | individually and on behalf of all others | |
15 | similarly situated, | Case No. _____ |
   | | |
16 | | |
   | Plaintiff, | |
17 | | **CLASS ACTION COMPLAINT FOR** |
   | v. | **VIOLATIONS OF THE FEDERAL** |
18 | | **SECURITIES LAWS** |
   | SPLUNK INC., DOUGLAS MERRITT, and | |
19 | JASON CHILD, | **JURY TRIAL DEMANDED** |
   | | |
20 | Defendants. | |
   | | |
21 | | |

22

23   Plaintiff, Tatiana Pavlova-Coleman, ("Plaintiff"), by and through her attorneys, alleges

24 upon personal knowledge as to her own acts, and upon information and belief as to all other

25 matters, based upon the investigation conducted by and through her attorneys, which included,

26 among other things, a review of documents filed by Defendants (as defined below) with the

27 United States Securities and Exchange Commission (the "SEC"), news reports, press releases

28

NATURE AND SUMMARY OF THE ACTION

1.   This is a federal securities class action on behalf of all investors who purchased or otherwise acquired Splunk Inc. ("Splunk" or the "Company") common stock between October 21, 2020 and December 2, 2020, inclusive (the "Class Period"), seeking to recover damages caused by Defendants' violations of the federal securities laws and to pursue remedies under §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

2.   According to its most recent Annual Report filed on Form 10-K with the U.S. Securities and Exchange Commission (the "SEC"), Splunk "provides innovative software solutions that ingest data from different sources including systems, devices and interactions, and turn that data into meaningful business insights across the organization." Splunk states that its "Data-to-Everything platform enables users to investigate, monitor, analyze and act on data regardless of format or source." Splunk common stock trades on the NASDAQ stock exchange under the ticker symbol "SPLK." The Company is headquartered in San Francisco, CA.

3.   On October 21, 2020, just ten days before the close of Splunk's 2021 third fiscal quarter, Splunk held a call with several analysts at the Virtual Analyst & Investor Session at .conf.20. On this call, and as detailed more completely herein, Splunk assured investors that everything was on track for its third quarter 2021 financial results.

4.   Throughout the Class Period and in violation of the Exchange Act, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts to investors. Specifically, Defendants misrepresented and/or failed to disclose to investors that: (1) Splunk was not closing deals with its largest customers in the third fiscal quarter of 2021; (2) Splunk was not hitting the financial targets it had previously announced; and (3) as a result of the foregoing, Defendants' public statements were materially false and misleading at all

5.   After the markets closed on December 2, 2020, Splunk announced its financial results for its third fiscal quarter for 2021, ended October 31, 2020.[1] In this announcement, Splunk reported total revenues of $559 million, down 11% year-over-year and which missed estimates by nearly $60 million. Furthermore, Splunk announced quarterly non-GAAP earnings per share of -$0.07, missing estimates by 15 cents, as well as GAAP earnings per share of -$1.26, missing by 24 cents per share. Splunk also announced guidance for the fourth quarter of 2021 (ending January 31, 2021) of total revenues between $650 and $700 million, and non-GAAP operating margins of between negative 4% and positive 3%.

6.   The Company also held an earnings call with analysts on December 2, 2020. On that call, Defendant Merritt admitted that despite the Company having reiterated their 2021 third quarter guidance just ten days before the close of the quarter, that these results fell "certainly short of both our expectations and our communication of those expectations."

7.   This development stunned the market, leading analyst JPMorgan to write that it was "blindsided by the magnitude of too many large deals slipping in the final days of October." On this news, shares of Splunk common stock plummeted, closing at just $158.03 per share on December 3, 2020, down over 23% from the December 2, 2020 closing price of $205.91 per share.

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

JURISDICTION AND VENUE

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

10.   This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §1331, § 27 of the Exchange Act, 15 U.S.C. § 78aa.

11.   This Court has jurisdiction over each Defendant named herein because each Defendant is an individual or corporation who has sufficient minimum contacts with this District as to render the exercise of jurisdiction by the District Court permissible under traditional notions of fair play and substantial justice.

12.   Venue is proper in this District pursuant to § 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1931(b), as the Company has its principal executive offices located in this District and conducts substantial business here.

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

INTRADISTRICT ASSIGNMENT

14.   Pursuant to Local Rule 3-2(c), this is a securities fraud class action to be assigned on a district-wide basis. Defendant Splunk Inc. is headquartered in San Francisco, CA, which is within the San Francisco/Oakland Division.

PARTIES

15.   Plaintiff Tatiana Pavlova-Coleman, as set forth in her Certification filed contemporaneously herewith, acquired shares of Splunk common stock at artificially inflated prices, and has been damaged.

16.   Defendant Splunk Inc. is incorporated under the laws of the State of Delaware, with its principal place of business at 270 Brannan Street, San Francisco, CA 94017. Its common stock trades on the NASDAQ stock exchange under the symbol SPLK.

17.   Defendant Douglas Merritt has been Splunk's President, Chief Executive Officer, and a member of the Company's Board of Directors since 2015.

18.   Defendant Jason Child has been Splunk's Senior Vice President and Chief Financial Officer since May 2019.

19.   Defendants Merritt and Child are named as Defendants for violations of all counts asserted herein, and are referred to as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers, and the investing public, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material, non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations that were being made were then materially false and/or misleading. The Individual Defendants are therefore liable for the misstatements and omissions plead herein.

SUBSTANTIVE ALLEGATIONS

20.   According to its most recent Annual Report filed on Form 10-K with the SEC, Splunk "provides innovative software solutions that ingest data from different sources including systems, devices and interactions, and turn that data into meaningful business insights across the organization." Splunk states that its "Data-to-Everything platform enables users to investigate, monitor, analyze and act on data regardless of format or source."

21.   Splunk was incorporated in California in October 2003, and reincorporated in

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