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UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

In re NVIDIA CORPORATION
SECURITIES LITIGATION

Case No. 4:18-cv-07669-HSG

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

This Document Relates to: All Actions.

DEMAND FOR JURY TRIAL

Judge: Hon. Haywood S. Gilliam, Jr.
Courtroom: 2

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1 Lead Plaintiffs E. Öhman J:or Fonder AB (“Öhman Fonder”) and Stichting Pensioenfonds PGB
2 (“PGB,” and together with Öhman Fonder, “Lead Plaintiffs”) bring this action individually and on behalf
3 of all others who purchased or otherwise acquired the common stock of NVIDIA Corporation
4 (“NVIDIA” or the “Company”) between May 10, 2017, and November 14, 2018 (the “Class Period”),
5 and were injured thereby.

6 Lead Plaintiffs allege the following based upon personal knowledge as to themselves and their
7 own acts and upon information and belief as to all other matters. Lead Plaintiffs’ information and belief
8 are based on the ongoing independent investigation of their undersigned counsel. This investigation
9 includes review and analysis of, among other things: (i) NVIDIA’s public filings with the U.S. Securities
10 and Exchange Commission (“SEC”); (ii) research reports by securities and financial analysts; (iii) videos
11 and transcripts of NVIDIA’s conference calls with analysts and investors; (iv) Company presentations,
12 press releases, and reports; (v) news and media reports concerning NVIDIA and other facts related to this
13 action; (vi) price and volume data for NVIDIA securities; (vii) information from consultations with
14 relevant experts; and (viii) information provided by former NVIDIA employees, some of whom
15 expressed concern about providing Lead Counsel with information for fear of retaliation by NVIDIA.
16 Lead Counsel’s investigation into the factual allegations continues, and many of the relevant facts are
17 known only by Defendants or are exclusively within their custody or control. Lead Plaintiffs believe that
18 substantial additional evidentiary support is likely to exist for the allegations set forth herein after a
19 reasonable opportunity for discovery.

20 **I. INTRODUCTION**

21 1. Defendant NVIDIA is a multinational technology company that purports to have invented
22 in 1999 the graphics processing unit (“GPU”), a type of processor that electronics manufacturers
23 incorporate into their devices, including graphics cards for video games. NVIDIA’s most popular
24 product line is its “GeForce” brand of GPUs, a favorite among video-game enthusiasts (“gamers”).

25 2. In early 2017, NVIDIA faced an unusual problem: its flagship product was flying off the
26 shelves. Under normal circumstances, such a trend would be cheered. But Defendants knew that the
27 spike in GeForce GPU sales was not sustainable. The enormous sales growth owed not to an increase in
28 demand from gamers, NVIDIA’s traditional consumer, but rather from bands of online upstarts who were

1 buying up the processors by the thousands and deploying them in massive datacenters to solve complex
2 mathematical problems in pursuit of digital tokens called “cryptocurrencies.”

3 3. These so-called “crypto-miners” were chasing a modern-day gold rush unfolding in
4 cyberspace and based on an esoteric new technology called “blockchain.” Instead of picks and shovels,
5 the crypto-miners relied on computing power and processors. They had discovered that GeForce GPUs
6 were particularly adept at quickly processing the computations required by cryptocurrency mining—and
7 at a fraction of the cost of more powerful chips designed for scientific and industrial settings.

8 4. As the financial rewards of cryptocurrency mining escalated rapidly, so, too, did demand
9 for GeForce GPUs, the crown jewel of NVIDIA’s all-important Gaming segment. The Gaming segment
10 produced more revenues than the Company’s four other segments combined, with GeForce sales making
11 up the lion’s share. Moreover, nowhere was cryptocurrency mining more popular than in China, where
12 NVIDIA earned more than half of its revenues and made up to 50% of its worldwide GeForce sales.
13 This confluence of skyrocketing demand for NVIDIA’s most important product in its largest market had
14 the effect of supercharging the Company’s revenues.

15 5. By early 2017, NVIDIA’s executive team in Santa Clara, California was awash in data
16 showing that cryptocurrency miners were behind the burgeoning GeForce sales in China and elsewhere.
17 Near the start of the year, the Company’s China sales team had begun tracking crypto-related GeForce
18 sales based on transaction data provided by NVIDIA’s manufacturing partners. The data expressly
19 identified GeForce sales to crypto-miners, who had begun to make bulk purchases of tens of thousands of
20 GPUs at a time from these partners. Well before the start of the Class Period, the Company was
21 consolidating this data in its internal sales database, of which NVIDIA’s executive team in the United
22 States made ready use. Indeed, a former Senior Account Manager in China who was contacted by Lead
23 Counsel stated that the U.S.-based executive team was “obsessed” with it. Furthermore, key U.S.
24 executives received weekly sales reports aggregating GeForce sales to crypto-miners from the week
25 before, supplemented by quarterly spreadsheets. This data reflected that, throughout 2017, **60% to 70%**
26 ***of NVIDIA’s GeForce revenue in China came from sales to crypto-miners.***

27 6. Among those who received this data were the head of NVIDIA’s Gaming segment and the
28 GeForce business unit, Defendant Jeff Fisher, who reported directly to the Company’s CEO, Defendant

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