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8 UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
9

10 MICHAEL DRIEU, Individually and On
11 Behalf of All Others Similarly Situated,

12 Plaintiff,

13 v.
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15 ZOOM VIDEO COMMUNICATIONS,
16 INC., ERIC S. YUAN, and KELLY
STECKELBERG,

17 Defendants.
18

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

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1 Plaintiff Michael Drieu (“Plaintiff”), individually and on behalf of all other persons
2 similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against
3 Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s
4 own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation
5 conducted by and through Plaintiff’s attorneys, which included, among other things, a review of
6 the Defendants’ public documents, conference calls and announcements made by Defendants,
7 United States Securities and Exchange Commission (“SEC”) filings, wire and press releases
8 published by and regarding Zoom Video Communications, Inc. (“Zoom” or the “Company”),
9 analysts’ reports and advisories about the Company, and information readily obtainable on the
10 Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set
11 forth herein after a reasonable opportunity for discovery.
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13 NATURE OF THE ACTION

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15 1. This is a federal securities class action on behalf of a class consisting of all persons
16 other than Defendants who purchased or otherwise acquired Zoom securities between April 18,
17 2019 and April 6, 2020, both dates inclusive (the “Class Period”), seeking to recover damages
18 caused by Defendants’ violations of the federal securities laws and to pursue remedies under
19 Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule
20 10b-5 promulgated thereunder, against the Company and certain of its top officials.
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22 2. Zoom was founded in 2011 and is headquartered in San Jose, California. The
23 Company was formerly known as Zoom Communications, Inc. and changed its name to Zoom
24 Video Communications, Inc. in May 2012.

25 3. Zoom provides a video communications platform application (“app”) that allows
26 users to interact with each other primarily in the Americas, the Asia Pacific, Europe, the Middle
27 East, and Africa. Users may connect through frictionless video, voice, chat, and content sharing.
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1 The Company's cloud-native platform enables face-to-face video experiences and connects users
2 across various devices and locations in a single meeting. The Company serves education,
3 entertainment/media, enterprise infrastructure, finance, healthcare, manufacturing, non-profit/not
4 for profit and social impact, retail/consumer products, and software/Internet industries, as well as
5 individuals.

6
7 4. On March 22, 2019, Zoom filed a registration statement on Form S-1 with the SEC
8 in connection with its initial public offering ("IPO"), which, after several amendments, was
9 declared effective by the SEC on April 17, 2019 (the "Registration Statement").

10 5. On April 18, 2019, Zoom filed a prospectus on Form 424B4 with the SEC in
11 connection with its IPO, which purported to provide information necessary for investors to
12 consider before partaking in its IPO and purchasing the Company's newly publicly-issued stock
13 (collectively with the Registration Statement, the "Offering Documents").

14
15 6. That same day, Zoom conducted its IPO and began trading publicly on the Nasdaq
16 Global Select Market ("NASDAQ") under the ticker symbol "ZM." Pursuant to Zoom's IPO, the
17 Company sold 9.91 million of the Company's shares to the public at the offering price of \$36.00
18 per share.

19 7. Throughout the Class Period, Defendants made materially false and misleading
20 statements regarding the Company's business, operational and compliance policies. Specifically,
21 Defendants made false and/or misleading statements and/or failed to disclose that: (i) Zoom had
22 inadequate data privacy and security measures; (ii) contrary to Zoom's assertions, the Company's
23 video communications service was not end-to-end encrypted; (iii) as a result of all the foregoing,
24 users of Zoom's communications services were at an increased risk of having their personal
25 information accessed by unauthorized parties, including Facebook; (iv) usage of the Company's
26 video communications services was foreseeably likely to decline when the foregoing facts came
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1 to light; and (v) as a result, the Company's public statements were materially false and misleading
2 at all relevant times.

3 8. The truth about the deficiencies in Zoom's software encryption began to come to
4 light as early as July 2019. However, due in large part to the Company's obfuscation, it was not
5 until the COVID-19 pandemic in March and April of 2020, with businesses and other organizations
6 increasingly relying on Zoom's video communication software to facilitate remote work activity
7 as governments increasingly implemented shelter-in-place orders, that the truth was more fully
8 laid bare in a series of corrective disclosures. As it became clear through a series of news reports
9 and admissions by the Company that Zoom had significantly overstated the degree to which its
10 video communication software was encrypted, and organizations consequently prohibited its
11 employees from utilizing Zoom for work activities, the Company's stock price plummeted,
12 damaging investors.
13

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

18 **JURISDICTION AND VENUE**

19 10. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of
20 the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the
21 SEC (17 C.F.R. § 240.10b-5).
22

23 11. This Court has jurisdiction over the subject matter of this action pursuant to 28
24 U.S.C. § 1331 and Section 27 of the Exchange Act.

25 12. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act
26 (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Zoom is headquartered in this Judicial District,
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1 Defendants conduct business in this Judicial District, and a significant portion of Defendants’
2 activities took place within this Judicial District.

3 13. In connection with the acts alleged in this complaint, Defendants, directly or
4 indirectly, used the means and instrumentalities of interstate commerce, including, but not limited
5 to, the mails, interstate telephone communications, and the facilities of the national securities
6 markets.

7
8 **PARTIES**

9 14. Plaintiff, as set forth in the attached Certification, acquired Zoom securities at
10 artificially inflated prices during the Class Period and was damaged upon the revelation of the
11 alleged corrective disclosures.

12 15. Defendant Zoom is a Delaware corporation with principal executive offices located
13 at 55 Almaden Boulevard, 6th Floor, San Jose, California 95113. Zoom securities trade in an
14 efficient market on the NASDAQ under the ticker symbol “ZM.”

15
16 16. Defendant Eric S. Yuan (“Yuan”) has served as Zoom’s President and Chief
17 Executive Officer at all relevant times.

18 17. Defendant Kelly Steckelberg (“Steckelberg”) has served as Zoom’s Chief Financial
19 Officer at all relevant times.

20 18. Defendants Yuan and Steckelberg are sometimes referred to herein as the
21 “Individual Defendants.”

22
23 19. The Individual Defendants possessed the power and authority to control the
24 contents of Zoom’s SEC filings, press releases, and other market communications. The Individual
25 Defendants were provided with copies of Zoom’s SEC filings and press releases alleged herein to
26 be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent
27 their issuance or to cause them to be corrected. Because of their positions with Zoom, and their
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