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IN THE SUPERIOR COURT OF WASHINGTON FOR KING COUNTY

MICHELE ROSATI,

Plaintiff,

v.

AMAZON.COM, INC., a Delaware
corporation,

Defendant.

NO.

COMPLAINT FOR RELIEF PURSUANT
TO 8 DELAWARE GENERAL
CORPORATION LAW CODE SECTION
220 TO COMPEL INSPECTION OF
BOOKS AND RECORDS

Plaintiff Michele Rosati ("Plaintiff") herein alleges, upon knowledge as to herself and her own actions, and upon information and belief as to all other matters, as follows:

I. NATURE OF THE ACTION

1.1 In this action, Plaintiff seeks to enforce her right to inspect certain corporate books and records of defendant Amazon.com, Inc. ("Amazon" or the "Company"), a Delaware corporation, pursuant to title 8, section 220 of the Delaware General Corporation Law Code ("Section 220"). Plaintiff is a beneficial stockholder of the Company.

1.2 On September 22, 2020, Plaintiff sent an inspection demand to the Company (the "Inspection Demand"). The Inspection Demand complied with all the form and manner requirements of Section 220, including that it was accompanied by a power of attorney, an oath,

1 and proof of Plaintiff's current ownership of Amazon stock. The Company received the letter
2 on September 23, 2020.¹

3 1.3 In the Inspection Demand, Plaintiff explained that she wishes to investigate
4 potential wrongdoing occurring at the Company, including potential breaches of fiduciary duty.
5 Plaintiff has legitimate concerns as to whether Amazon violated the Illinois Biometric
6 Information Privacy Act ("BIPA") and whether the Company was engaging in antitrust
7 violations.

8 1.4 The Inspection Demand provided ample evidence of such possible wrongdoing
9 and mismanagement at Amazon. Concerning BIPA, the Inspection Demand explained that
10 Amazon had been developing facial recognition software for years and purchased International
11 Business Machines Corporation's ("IBM") "Diversity in Faces" dataset in 2019 to improve this
12 software. In developing this facial recognition software, Amazon collected, stored, and used
13 individuals' biometric identifiers without ever informing those before, a direct violation of
14 BIPA.

15 1.5 Regarding Amazon's anticompetitive violations, the Inspection Demand again
16 contained detailed information how the Company uses third-party seller data it has access to as
17 an effective middleman to develop its own competing suite of products. The Company then
18 undercuts the third-party on price. Amazon's anticompetitive actions have led to investigations
19 by, at a minimum: (i) the U.S. Congress; (ii) the European Union; (iii) the State of California;
20 and (iv) the State of Washington. Accordingly, Plaintiff has ample reason to suspect
21 wrongdoing at Amazon, more than satisfying the credible basis standard necessary to justify the
22 inspection.

23 _____
24 ¹ True and correct copies of the Inspection Demand and proof of delivery are attached hereto as Exhibit A and B, respectively.

1 1.6 On October 19, 2020, the Company's counsel responded to Plaintiff's Inspection
2 Demand with a short perfunctory two-and-a-half-page rejection. The rejection letter did;
3 however, state Amazon was willing to discuss making a production to Plaintiff.

4 1.7 Over the next three months, Plaintiff attempted to reach a resolution with the
5 Company. Unfortunately, Amazon steadfastly insisted on including in a nondisclosure
6 agreement draconian terms that would prevent Plaintiff from bringing certain of her claims
7 derivatively and otherwise waiving her rights. Despite providing directly on point authority that
8 Amazon's position was untenable and contrary to the law, it did not move. Further, Amazon
9 never stated what documents it was willing to allow Plaintiff to inspect.

10 1.8 On February 1, 2021, Amazon stated that it would "follow up" with Plaintiff that
11 week about her Inspection Demand. Instead, she has been met with silence. It has now been
12 approximately six months since Plaintiff sent the Inspection Demand and she is apparently no
13 closer to reviewing the demanded books and records. Amazon's actions have effectively denied
14 Plaintiff her statutory rights.

15 1.9 In light of Amazon's effective refusal, Plaintiff now respectfully asks the Court
16 to order Amazon to produce the demanded books and records that she is entitled to review as a
17 stockholder of the Company.

18 II. JURISDICTION AND VENUE

19 2.1 This Court retains general jurisdiction over each named defendant who is a
20 resident of Washington. Additionally, this Court has specific jurisdiction over each named
21 nonresident defendant because these defendants maintain sufficient minimum contacts with
22 Washington to render jurisdiction by this Court permissible under traditional notions of fair play
23
24

1 and substantial justice. Amazon is headquartered in Washington. Finally, exercising
2 jurisdiction over any nonresident defendant is reasonable under these circumstances.

3 2.2 Venue is proper in this Court because defendant Amazon maintains executive
4 offices in this County, a substantial portion of the transactions and wrongs complained of
5 herein, including the defendant's primary participation in the wrongful acts detailed herein
6 occurred in this County, and defendant has received substantial compensation in this County by
7 doing business here and engaging in numerous activities that had an effect in this County.

8 **III. THE PARTIES**

9 3.1 Plaintiff Michele Rosati is an owner of Amazon's common stock.

10 3.2 Defendant Amazon is a Delaware corporation with principal executive offices
11 located at 410 Terry Avenue North, Seattle, Washington.

12 **IV. THE COMPANY'S UNAUTHORIZED COLLECTION OF INDIVIDUALS'** 13 **INFORMATION VIOLATES THE LAW**

14 **Biometrics and Facial Recognition Technology**

15 4.1 Biometrics is the technical term for measurements used to identify people's
16 unique physical characteristics. Examples of biometric identifiers include an individual's DNA,
17 fingerprints, irises or retinas, voiceprints, and facial geometry. The uniqueness and potential
18 permanence of biometric identifiers present an advantage for businesses to accurately identify
19 and distinguish individuals. Businesses presently use biometrics in a wide variety of
20 applications, including data collection.

21 4.2 One technological application of biometrics is facial recognition software.
22 Facial recognition software uses biometrics to map facial features from a photograph or video.
23 In particular, the software uses an algorithm that calculates a unique digital representation of the
24 face based on the geometric relationship of a person's facial features (such as the distance

1 between their eyes, ears, and nose), creating a face signature or map. The software then
2 compares the information with a database of known faces to find a match.

3 4.3 Facial recognition technology has seen steady improvement over the past decade.
4 Lower costs and increased accuracy have allowed companies such as Amazon to deploy
5 increasingly sophisticated facial recognition software in their applications. However, this
6 increased sophistication has raised serious privacy concerns. Biometrics present potential
7 privacy threats to the individual if compromised, such as a heightened risk for identity theft.
8 During a U.S. Senate hearing in 2012 on the use of facial recognition technology, Senator Al
9 Franken noted that "[o]nce someone has your faceprint, they can get your name, they can find
10 your social networking account, and they can find and track you in the street, in the stores that
11 you visit, the Government buildings you enter, and the photos your friends post online." He
12 added, "facial recognition technology can allow others to access all of that information from a
13 distance, without your knowledge and in about as much time as it takes to snap a photo."
14 Faceprints can even be used to identify protesters at political rallies and "target them for
15 selective jailing and prosecution, stifling their First Amendment rights."

16 4.4 The U.S. Federal Trade Commission ("FTC") has also noted the public's
17 concerns over privacy in social networks that "databases of photos or biometric data may be
18 susceptible to breaches and hacking." The FTC urged companies using facial recognition
19 technology to ask for consent *before* collecting biometric information from a photo. In its best
20 practices guidelines, the FTC addressed social networks in particular, stating, "before using
21 facial recognition to identify an individual it could not otherwise identify, the company should
22 obtain the affirmative express consent of the individual in the image."

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