

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
SEATTLE DIVISION

FRANCIS GIMBEL, JR., Derivatively on
Behalf of AMAZON.COM, INC.,

Plaintiff,

v.

JEFFREY P. BEZOS, ANDREW R. JASSY,
BRIAN T. OLSAVSKY, DAVID H. CLARK,
SHELLEY L. REYNOLDS, ADAM N.
SELIPSKY, DAVID ZAPOLSKY, KEITH B.
ALEXANDER, EDITH W. COOPER, JAMIE
S. GORELICK, DANIEL P.
HUTTENLOCHER, JUDITH A. MCGRATH,
INDRA K. NOOYI, JONATHAN J.
RUBINSTEIN, PATRICIA Q. STONESIFER,
WENDELL P. WEEKS, TOM A. ALBERG,
ROSALIND BREWER, THOMAS O.
RYDER, and NATE SUTTON,

Defendants,

– and –

AMAZON.COM, INC., a Delaware
Corporation,

Nominal Defendant.

Civil Action No.

VERIFIED STOCKHOLDER DERIVATIVE
COMPLAINT

DEMAND FOR JURY TRIAL

1 Plaintiff Francis Gimbel, Jr. (“Plaintiff”), by and through undersigned counsel, submits this
2 Verified Stockholder Derivative Complaint for breach of fiduciary duties, corporate waste, and
3 unjust enrichment. Plaintiff alleges the following based on personal knowledge, and as to all other
4 matters outside Plaintiff’s personal knowledge, upon information and belief based on the
5 investigation of undersigned counsel, which includes, without limitation: (i) review and analysis
6 of public filings with the United States Securities and Exchange Commission (“SEC”); (ii) review
7 and analysis of court filings in (a) the related securities class action lawsuit filed against
8 Amazon.com, Inc. (“Amazon” or the “Company”) and certain of its executive officers captioned
9 *Joyce v. Amazon, Inc. et al.*, No. 2:22-cv-617 (W.D. Wash.) (the “Securities Class Action”);
10 (b) consumer class action lawsuits alleging violations of, *inter alia*, the Illinois Biometric
11 Information Privacy Act, 740 ILCS 14/1 *et seq.* (“BIPA”), and other state privacy laws
12 (collectively, the “Consumer Class Actions”);¹ and (c) *District of Columbia v. Amazon.com, Inc.*,
13 No. 2021 CA 001775 (D.C. Sup. Ct.), and *In re Amazon.com, Inc. eBook Antitrust Litigation*, No.
14 1:21-cv-351-GHW-DCF (collectively, the “Antitrust Actions”); and (iii) review and analysis of
15 press releases, news reports, analyst reports, industry reports, investor conference call transcripts
16

17 ¹ Specifically, the Consumer Class Actions include: *Cooper v. Amazon.com Inc. et al.*, No.
18 1:21CV04633 (N.D. Ill.); *Ragsdale v. Amazon Web Services, Inc.*, No. 1:20CV00560 (N.D. Ill.);
19 *Redd v. Amazon.com, Inc. et al.*, No. 1:20CV06485 (N.D. Ill.); *Hryniewicki v. Amazon Web*
20 *Services, Inc.*, No. 1:19CV07569 (N.D. Ill.); *Hogan v. Amazon.com Inc.*, No. 2:21CV00905 (W.D.
21 Wash.); *McGoveran v. Amazon Web Services, Inc. et al.*, No. 3:20CV00031 (S.D. Ill.); *Vance v.*
22 *Amazon.com, Inc.*, No. 2:20CV1084 (W.D. Wash.); *Flores v. Amazon.com Inc. et al.*, No.
23 2:21CV00873 (W.D. Wash.); *Flores v. Amazon.com Inc. et al.*, No. 1:21CV04064 (N.D. Ill.);
24 *Wilcosky v. Amazon.Com, Inc. et al.*, No. 1:19CV05061 (N.D. Ill.); *Mayhall v. Amazon Web*
Services Inc. et al., No. 2:21CV01473 (W.D. Wash.); *Reid v. Amazon.com Inc. et al.*, No.
1:21CV06010 (N.D. Ill.); *Schaeffer v. Amazon.com, Inc. et al.*, No. 3:21CV01080 (S.D. Ill.);
McGoveran v. Amazon Web Services, Inc. et al., No. 1:20CV01399 (D. Del.); *Svoboda v.*
Amazon.com Inc. et al., No. 1:21CV05336 (N.D. Ill.); and *Dorian v. Amazon Web Services, Inc.*,
No. 2:22-cv-00269 (W.D. Wash.).

VERIFIED STOCKHOLDERDERIVATIVE COMPL. - 2

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1 and slides, and other information available in the public domain.

2 **I. INTRODUCTION²**

3 1. This is a stockholder derivative action brought on behalf of and for the benefit of
4 Amazon, against certain of its current and former officers and directors (the “Individual
5 Defendants,” defined herein), seeking to remedy their breaches of fiduciary duties, waste of
6 corporate assets, and unjust enrichment, which have caused substantial economic and reputational
7 harm to the Company.

8 2. Amazon is a leading multinational technology company, specializing in e-
9 commerce, cloud-based servicing, streaming and artificial intelligence. According to its public
10 filings, Amazon “seek[s] to be Earth’s most customer-centric company.” Amazon was founded in
11 1994 and is headquartered in Seattle, Washington. Its common stock trades on the NASDAQ
12 under the ticker symbol “AMZN.”

13 3. Throughout the relevant period, the Individual Defendants breached their fiduciary
14 duties owed to the Company by knowingly and/or recklessly causing the Company to store the
15 biometric information of its employees, users, and its cloud-based clients’ users, including minors,
16 without informing them of these practices and without securing users’ written consent, and to fail
17 to develop a written policy available to the public that set a retention schedule and guidelines for
18 users to permanently destroy biometric identifiers when the initial purpose for collection was
19 satisfied in direct violation of BIPA and other states’ privacy laws.

20 4. The Individual Defendants further breached their fiduciary duties and violated the
21 law by causing the Company to engage in various anticompetitive practices against third party
22 sellers (“TPSs”), including (i) causing the online retailer to enter into contracts with TPSs that had
23

24 ² All emphasis herein is added unless otherwise stated.

1 the effect of inflating prices for consumers through policies that guaranteed Amazon a minimum
2 profit on each item sold, while simultaneously discouraging TPSs from offering their products at
3 lower prices through other retailers; and (ii) giving Amazon private-label products preference over
4 those of its competitors using TPSs's non-public data.

5 5. Finally, the Individual Defendants also misled the investing public in the
6 Company's SEC filings and other public statements regarding Amazon's business and compliance
7 with applicable laws and regulations, as detailed further below.

8 6. As a result of their misconduct and unbeknownst to the investing public, the
9 Individual Defendants exposed Amazon to heightened risks of increased regulatory scrutiny,
10 government investigations and enforcement actions, and legal exposure otherwise, and Amazon's
11 revenues were, at least in part, the product of impermissible and illegal conduct, and were thus
12 unsustainable at all relevant times.

13 7. In addition, as a result of the Individual Defendants' breaches of fiduciary duties
14 detailed herein, the Company has suffered significant damages, including being named as a
15 defendant in the Securities Class Action, Consumer Class Actions, and Antitrust Actions, as well
16 as becoming the subject of a criminal investigation ("Criminal Investigation") by the U.S.
17 Department of Justice ("DOJ") and a government probe into Amazon's public disclosures
18 regarding its business practices by the SEC ("SEC Probe"), and the Company continues to be
19 subjected to mounting damages by failing to redress the harms complained of herein.

20 8. The Individual Defendants face a substantial likelihood of liability to the Company
21 for their misconduct, including, among other things: (i) directly participating in the improper
22 schemes and misconduct described herein; (ii) affirmatively making, allowing to be made, and/or
23 failing to correct improper statements in SEC filings and other public disclosures relating to the
24 Company's business and operations, internal controls, legal proceedings, legal compliance, and

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1 risks (including financial, operational, legal, regulatory, and enforcement risks); (iii) failing to
2 maintain an adequate system of oversight, accounting controls and procedures, disclosure controls,
3 and other internal controls, which were necessary to prevent or correct violations of the law and
4 improper statements made on the Company's behalf; (iv) failing to ensure the Company's
5 compliance with relevant legal and regulatory requirements, including, but not limited to,
6 requirements imposed under biometric privacy laws and antitrust laws, as well as state and federal
7 securities laws; and (v) ignoring red flags indicating inadequate internal controls over compliance
8 with biometric privacy laws and antitrust laws, as well as state and federal securities laws, and
9 indicating violations the same.

10 9. Due to the Amazon Board of Directors' (the "Board") knowledge of illegal conduct
11 and involvement in the wrongdoing, its blatant failure to act (including to stop or correct violations
12 of the law), its members' lack of independence, and the substantial likelihood of liability its
13 members face, any demand upon the Board to rectify this wrongdoing would be a wasteful, useless,
14 and futile act. Accordingly, Plaintiff properly brings this action to remedy the harm to Amazon
15 caused by Defendants' faithless actions and inaction.

16 **II. JURISDICTION AND VENUE**

17 10. This Court has jurisdiction under 28 U.S.C. § 1332. Complete diversity among the
18 parties exists and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

19 11. This Court has jurisdiction over each named Defendant.

20 12. Additionally, this Court has specific jurisdiction over each named Defendant herein
21 because each Defendant is either a corporation that conducts business in and maintains operations
22 in this District, or is an individual who has sufficient minimum contacts with this District so as to
23 render the exercise of jurisdiction by the District Court permissible under traditional notions of
24 fair play and substantial justice.

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