

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

\_\_\_\_\_, on behalf of himself and all )  
others similarly situated, )

Plaintiff )

v. )

THE BOEING COMPANY, DENNIS A. )  
MUILENBURG, GREGORY D. SMITH, )  
and KEVIN McALLISTER, )

Defendants )

**No.** \_\_\_\_\_

**JURY TRIAL DEMANDED**

\_\_\_\_\_ )

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

*“The [ ] pilots should have been informed.”*<sup>1</sup>  
Jon Weaks (President of Southwest Airlines Pilots Association)

## I. NATURE OF THE ACTION

1. This is a putative class action for violations of the federal securities laws. Plaintiff \_\_\_\_\_ (“Plaintiff”), by and through his undersigned counsel, brings this action pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”). Plaintiff’s claims are brought on behalf of all persons who purchased or otherwise acquired the publicly-traded securities of The Boeing Company (“Boeing” or the “Company”) between January 8, 2019 and May 8, 2019, inclusive (the “Class Period”), and were damaged by the conduct asserted herein (the “Class”).

2. Defendants are: (i) Boeing; (ii) Boeing Chairman, Chief Executive Officer (“CEO”) and President Dennis A. Muilenburg; (iii) Boeing Chief Financial Officer (“CFO”) and Executive Vice President of Enterprise Performance and Strategy Gregory D. Smith; and (iv) Boeing Commercial Airplanes President and CEO Kevin McAllister (collectively, “Defendants”). As alleged throughout herein, throughout the Class Period, Defendants violated Sections 10(b) and 20(a) of the Exchange Act (“Exchange Act”) and Securities and Exchange Commission (“SEC”) Rule 10b-5(b) promulgated thereunder.

3. Plaintiff’s allegations are based upon counsel’s investigation except as to the allegations specifically pertaining to Plaintiff, which are based upon his personal knowledge. Counsel’s investigation included, *inter alia*, a review of: (i) Boeing’s public filings with the SEC; (ii) press releases and other public statements made by Defendants; (iii) analyst and media

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<sup>1</sup> *Bloomberg*, “U.S. Pilots Say Boeing Didn’t Warn of 737 Feature Tied to Crash” (November 12, 2018).

reports; (iv) publicly-available trading data regarding the Company; and (v) documents and information obtained from third parties. Plaintiff believes that substantial evidentiary support exists for the allegations set forth herein will be available after a reasonable opportunity for discovery.

4. Boeing is an aerospace firm. The Company is headquartered in Chicago, Illinois and operates in four segments: (i) Commercial Airplanes (“BCA”); (ii) Defense, Space & Security (“BDS”); Global Services (“BGS”); and Boeing Capital Corporation (“BCC”). As is pertinent here, BCA develops, produces and markets commercial jet aircraft and provides fleet support services, principally to the global commercial airline industry. Boeing’s core BCA segment is a purported leading producer of commercial aircraft.

5. During its fiscal year ended December 31, 2018, the Company reported BCA revenues of \$60.7 billion, which constituted 60% of the Company’s \$101.1 billion revenues. In Q4 2018, the 737-segment delivered roughly 72.7% of total commercial airplane deliveries. The BCA segment’s 737 program, therefore, was at all relevant times central to Boeing’s competitive and growth strategy.

6. The commercial jet aircraft market is intensely competitive. Boeing faces aggressive international competitors, like Airbus SE (“Airbus”), who have successfully increased their market share against Boeing over the years. Rather than develop a new commercial aircraft to compete with a new, more fuel-efficient Airbus commercial plane designed to compete against Boeing’s 737, Boeing opted instead to quickly update its 737 with the 737 MAX. It was a severely reckless and short-sighted decision.

7. This case primarily concerns Defendants’ deliberately reckless decision to conceal potential jet safety and design issues associated with the rushed development of the 737

MAX in a manner that ultimately damaged the Company's investors, including Plaintiff. Throughout the Class Period, Defendants misled investors about the risks associated with BCA's financial condition and prospects by touting its profitability, raising guidance and maintaining that the Boeing 737 MAX delivered "superior design."

8. Defendants made numerous statements, either knowingly or with reckless disregard to the truth during the Class Period, regarding known design issues associated with Boeing's placement of larger engines on the 737 MAX that negatively impacted the handling characteristics of the 737 MAX from previous 737 models. These handling characteristics included the danger of increased pitch tendency that required special safety features, some of which Boeing installed only as "extras" or "optional features." Boeing concealed from investors that it withheld necessary safety features from the Boeing 737 MAX unless airlines purchased them as options.

9. Throughout the Class Period, Boeing also concealed that it prepared its own reports and statements to the Federal Aviation Administration ("FAA") certifying that its 737 MAX's were safe. Their reports, however, were conflicted by virtue of Boeing having been delegated authority by the FAA to examine, test, and help certify its safety analysis for the 737 MAX.

10. The Company's certification included Boeing's new flight control system (the Maneuvering Characteristics Augmentation System ("MCAS")), which Boeing surreptitiously installed in 737 MAX jets to compensate for its increased pitch tendency. The presence of the MCAS system caught 737 MAX pilots by surprise as Boeing reportedly did not disclose the system in the flight crew operations manual ("FCOM") for the 737 MAX.

11. On October 29, 2018, shortly after takeoff, Lion Air Flight 610 (a Boeing 737 MAX jet) crashed, killing all passengers and crew aboard. Following the Lion Air crash, Defendants misrepresented that (i) “[w]e are confident in the safety of the 737 MAX”, and (ii) “[a]s our customers and their passengers continue to fly the 737 MAX to hundreds of destinations around the world every day, they have our assurance that the 737 MAX is *as safe as any airplane that has ever flown the skies.*”

12. On November 12, 2018, in article titled “U.S. Pilots Say Boeing Didn’t Warn of 737 Feature Tied to Crash,” *Bloomberg Business* reported that: “Boeing said it is confident in the safety of the 737 Max family of jets. ‘We are taking every measure to fully understand all aspects of this incident, working closely with the investigating team and all regulatory authorities involved ... Safety remains our top priority and is a core value for everyone at Boeing.’”

13. On November 27, 2018, during a meeting between Boeing and U.S. pilots about the Lion Air crash, commercial pilots confronted Boeing senior management about the 737 MAX. Boeing’s meeting attendees included Mike Sinnett, a Boeing vice president, and senior Boeing lobbyist John Moloney. During the meeting, commercial pilots told Boeing that they were unaware of the 737 MAX’s anti-stall software system (MCAS), and they were furious that the system was not disclosed to them until after the Lion Air crash. During the meeting, for instance, American Airlines pilot Michael Michaelis reportedly said that: “[t]hese guys [*i.e.*, Lion Air pilots] *didn’t even know the damn system was on the airplane — nor did anybody else ...*”

14. A *CNN* news report about the November 27, 2018 meeting described, *inter alia*, how:

Just months before a second deadly crash of a Boeing 737 Max airplane, American Airlines pilots angrily confronted a Boeing official about a computerized anti-stall system that preliminary reports have now implicated in both deadly wrecks, audio obtained by CBS News reveals.

The meeting between the pilots and Boeing happened in November -- just weeks after an October crash of a Lion Air 737 Max into the Java Sea, and four months before a 737 Max operated by Ethiopian Air crashed in Ethiopia.

On the audio, a Boeing official is heard telling pilots that software changes were coming, perhaps in as little as six weeks, but that the company didn't want to hurry the process.

The pilots indicated they weren't aware of the 737 Max's computerized stability program -- the Maneuvering Characteristics Augmentation System, or MCAS.

*'We flat out deserve to know what is on our airplanes,'* a pilot is heard saying.

'I don't disagree,' the unidentified Boeing official answers.

'These guys didn't even know the damn system was on the airplane,' a pilot says, seemingly referring to the Lion Air pilots. 'Nor did anybody else.'

'I don't know that understanding this system would have changed the outcome of this,' the Boeing official says. *'In a million miles you're going to maybe fly this airplane, and maybe once you're going to see this ever.'*

15. On February 14, 2019, the Company filed a Prospectus Supplement on Form 424B2 with the SEC announcing that Boeing was consummating \$1.5 billion note offering. At the time of the offering, the price of Boeing's securities remained artificially inflated due to Defendants' materially misleading Class Period statements and omissions about the 737 MAX following the October 29, 2018 Lion Air flight disaster.

16. Then, on March 10, 2019, shortly after takeoff, Ethiopian Airlines Flight 302 (a Boeing 737 MAX jet) crashed, killing all aboard. Widespread news reports on the crash indicated that both the Ethiopian Airlines and the Lion Air jets had experienced problems related to the MCAS system impacting the angle of the aircraft's nose. Subsequently: (i) investigations into the causes of the two crashes; (ii) global grounding of 737 MAX jets (that Boeing initially

resisted); (iii) federal criminal and civil investigations; and (iv) order cancellations caused the price of Boeing's shares to decline from a high of \$446.01 on March 1, 2019 during the Class Period to a closing price of \$354.13 on May 9, 2019, substantially damaging investors.

17. On May 5, 2019, Boeing issued a press release acknowledging that "Boeing informed the FAA that Boeing engineers had identified the software issue *in 2017*" related to the 737 MAX. On May 6, 2019, various news outlets widely reported how Boeing had admitted that the newly revealed safety alert issues were known to them for over a year before telling the FAA and commercial airlines. That day, a *National Public Radio* news report titled, "Boeing Knew About 737 Max Sensor Problem Before Plane Crash In Indonesia," reported, *inter alia*, that:

Boeing knew that there was a problem with one of the safety features on its 737 Max planes *back in 2017* – well before the Lion Air crash in October 2018 and the Ethiopian Airlines crash in March. *But it did not disclose the issue to airlines or safety regulators until after the Lion Air plane crashed off the Indonesian coast, killing all 189 aboard.*

In a statement Sunday, Boeing said its engineers discovered a problem with a key safety indicator within months of Boeing delivering the first 737 Max planes to airlines. The indicator, called an angle of attack disagree alert, is designed to warn pilots if the plane's sensors are transmitting contradictory data about the direction of the plane's nose.

Boeing intended for the indicator to be standard on the 737 Max, in keeping with the features available on previous generations of 737s. But its engineers discovered that the sensor worked only with a separate, optional safety feature. Boeing said the faulty software was delivered by a vendor, which it didn't name.

\* \* \*

The 737 Max, the fastest-selling plane in Boeing's history, has been grounded around the world for almost eight weeks. The company is working on a software fix it hopes will get the planes flying again this summer, as it faces congressional scrutiny and lawsuits by family members of those who died in the crashes.

18. On May 6, 2019, the Company's shares price fell \$4.86 per share in response to these and other related news reports.

19. On May 8, 2019, an article by *Bloomberg Businessweek* titled, "Former Boeing Engineers Say Relentless Cost-Cutting Sacrificed Safety," reported how Defendants' intense desire to compete with Airbus led them to rush bringing the 737 MAX to market as opposed to designing a new, safe commercial aircraft. That day, after having knowingly concealed issues with the 737 MAX since 2017, Defendants publicly represented that "[a]t no time did our performance targets reward or encourage a trade off against safety ...". On May 9, 2019, despite Defendants' statements, the Company's share price fell an additional \$5.62 per share on unusually heavy trading volume of 6,075,200 shares traded that day, damaging investors.

20. As of the day of this filing, the Company's 737 MAX fleet remains grounded and orders for the aircraft have ground to a halt. Indeed, in May 2019, *CNN* reported that: "[n]ot only did the troubled 737 Max receive zero new orders since it was grounded March 13. Boeing's other jets, such as the 787 Dreamliner or the 777, also did not get any new orders last month, according to a company report released Tuesday."

21. In addition, the U.S. Department of Transportation Office of Inspector General, the U.S. Department of Justice, and the FBI have each reportedly opened investigations into Boeing's Class Period conduct.

22. Finally, on May 24, 2019, *Bloomberg* reported that the "U.S. Securities and Exchange Commission is investigating whether Boeing Co. properly disclosed issues tied to the grounded 737 Max jetliner, according to people familiar with the matter, as regulators intensify their scrutiny of the company following two deadly crashes. Officials in the SEC's enforcement

division are *examining whether Boeing was adequately forthcoming to shareholders about material problems with the plane ...*”

## **II. JURISDICTION AND VENUE**

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

24. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because this is a civil action arising under the laws of the United States.

25. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1391. Many of the false and misleading statements were made in or issued from this District, and Boeing’s principal executive offices are located in this District.

26. In connection with the acts, omissions, conduct and other wrongs alleged 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.

## **III. PARTIES**

### **A. Plaintiff**

27. \_\_\_\_\_ purchased Boeing securities during the Class Period as described in his certification attached hereto, and as incorporated by reference herein, and suffered damages thereon.

## **B. Defendants**

28. Boeing is a Delaware corporation with its principal executive offices located in Chicago, Illinois. Its common stock trades on the New York Stock Exchange (“NYSE”) under the ticker symbol “BA.” The Company’s filings with the SEC describe Boeing as “one of the world’s major aerospace firms and a leading manufacturer of commercial airplanes and defense, space and security systems.”

29. Dennis A. Muilenburg (“Muilenberg”) was Boeing’s Chairman, President, and Chief Executive Officer (“CEO”) at all relevant times.

30. Gregory D. Smith (“Smith”) was Boeing’s Chief Financial Officer and Executive Vice President of Enterprise Performance & Strategy at all relevant times.

31. Kevin McAllister (“McAllister”) was the President and CEO of Boeing Commercial Airplanes (“BCA”), a business unit of Boeing, at all relevant times.<sup>2</sup>

## **IV. VIOLATIONS OF THE EXCHANGE ACT**

### **A. Defendants’ Materially False and Misleading Class Period Statements and Omissions**

32. On January 8, 2019, Defendants issued a press release entitled, “Boeing Sets New Airplane Delivery Records, Expands Order Backlog, Delivered 806 commercial jets in 2018 with record-setting fourth quarter, Won nearly 900 net orders valued at \$143.7 billion after finalizing more than 200 orders in December, 737 MAX family surpassed 5,000 orders; 777 family exceeded 2,000 orders.” The press release highlighted the “ongoing demand for the 737 MAX” and represented that: “[w]ith a seven-year order backlog, Boeing increased production of the popular 737 in the middle of 2018 to 52 airplanes per month. Nearly half

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<sup>2</sup> Defendants Muilenberg, Smith and McAllister are defined herein as the “Individual Defendants.”

of the year's 580 737 deliveries were from the more fuel-efficient and longer-range MAX family, including the first MAX 9 airplanes.<sup>3</sup>

33. This news drove the price of Boeing shares up from \$328.11 to \$340.53 or \$12.42, about 3.8% that day.

34. On January 14, 2019, Boeing issued a press release entitled, "Boeing statement on the recovery of the Cockpit Voice Recorder for Lion Air Flight 610." The press release stated, among other things that: "Boeing is taking every measure to fully support this investigation. As the investigation continues, Boeing is working closely with the U.S. National Transportation Safety Board as a technical advisor to support Indonesia's National Transportation Safety Committee (NTSC)."

35. On January 16, 2019, Boeing issued a press release entitled, "Boeing, United Airlines Announce Repeat Orders for 737 MAX and 777." The press release touted, among other things that the "737 MAX the fastest-selling airplane in Boeing history [and] The MAX builds on the 737's *industry-leading performance and reliability* ..."

36. On January 30, 2019, Defendants issued a press release entitled, "Boeing Reports Record 2018 Results and Provides 2019 Guidance." There, among other things, the Company emphasized strong demand for the 737 MAX touted its "*quality and safety*

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<sup>3</sup> On December 17, 2018, before the Class Period, Defendants issued a press release announcing dividend and share repurchases where Defendant Muilenburg represented that: "Boeing's strong operational performance, financial health and positive future outlook underpin our continued investments in our people and our workplace, in innovative products and services, and in select strategic acquisitions and partnerships that accelerate our growth strategy." Defendant Smith similarly represented that: "[t]he strength of our business and confidence in the sustainable long-term outlook are powering investments in productivity, innovation and growth, while delivering on our commitment to return cash to shareholders." These statements drove Boeing's share price up \$11.93, or up about 3.8%, on December 18, 2018 on unusually heavy trading volume of 5,881,100 shares traded that day.

*improvements...*” This news drove the price of Boeing shares up from \$364.91 to \$387.72 or \$22.81, and about 6.25% that day.

37. On February 8, 2019, Boeing’s Fiscal Year 2018 annual report on Form 10-K was filed with the SEC (“2018 Annual Report”). Defendants Muilenburg and Smith certified, pursuant to the Sarbanes-Oxley Act of 2002, that the annual report did not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances which such statements were made, not misleading. The 2018 Annual Report highlighted how the Company’s commercial aircraft “*deliver superior design.*” This news lifted the price of Boeing shares up \$4.91 from its opening price that day of \$400.00, a change of 1.2%.

38. During an “Industrial Select Conference” held on February 20, 2019, Defendant Muilenburg misrepresented that “we do expect Boeing 737 MAX to continue to ramp up successfully.”

39. On February 27, 2019, Boeing issued a press release entitled “Boeing, Vietjet Announce Order for 100 737 MAX Airplanes.” The press release stated, among other things, that: “the deal for 200 Boeing 737 MAX airplanes today is an important move for us to keep up with our international flight network expansion plan with a higher capacity, thus offering our passengers with *more exciting experiences* when being able to fly to more new international destinations ...” The Company added that “The 737 MAX is the fastest-selling airplane in Boeing history with about 5,000 orders from more than 100 customers worldwide.” Defendant McAllister added that: “[w]e are confident the MAX will help Vietjet grow more efficiently and provide *great travel experiences* for their passengers ...”

40. On March 10, 2019, another Boeing 737 MAX crashed. Ethiopian Airlines Flight 302 went down a few minutes after takeoff with 157 passengers and crew on board. The next day, Ethiopian Airlines grounded its 737 MAX 8. Similarly, the China Civil Aviation Administration grounded the 737 MAX 8. This news drove the price of Boeing shares down \$47.13, or down about 11.2%, during the two trading days ended March 12, 2019.

41. On March 17, 2019, *The Seattle Times* reported, *inter alia*, that: (i) “the original safety analysis that Boeing delivered to the FAA for a new flight control system on the MAX . . . had several crucial flaws,” (ii) “the FAA . . . has over the years delegated increasing authority to Boeing to take on more of the work certifying the safety of its own airplanes,” and (iii) “the System Safety Analysis on MCAS, just one piece of the mountain of documents needed for certification, was delegated to Boeing.”

42. On March 18, 2019, *Bloomberg* that reported U.S. federal authorities began exploring a criminal investigation of how Boeing’s 737 MAX was certified to fly passengers before the Ethiopian crash. Following *The Seattle Times* and *Bloomberg* reports, the price of Boeing shares fell \$6.71 on March 18, 2019 on unusually heaving trading volume of 13,119,200 shares traded that day.

43. On March 21, 2019, in an article entitled “Doomed Boeing Jets Lacked 2 Safety Features That Company Sold Only as Extras,” the *New York Times* reported that Boeing has hidden from investors, pilots and passengers the fact that Boeing created two new safety features that it sold as “extras” or “optional features” to keep cost down. This news drove the price of Boeing shares down \$10.53, or down about 2.8%, on March 22, 2019 on unusually heavy trading volume.

44. On April 5, 2019, *Reuters* reported that Boeing announced that it planned to cut its monthly 737 aircraft production by nearly 20 percent in the wake of the two deadly crashes, signaling that Defendants did not expect aviation authorities to allow the plane back in the air anytime soon.

45. On April 29, 2019, Defendant Muilenburg misleadingly appeared to blame pilots for the Company's 737 MAX safety lapses, stating that pilots did not "completely" follow procedure in grappling with the MCAS software – which was not included in flight manuals provided by the Company to airlines. That day, *CNN* reported among other things that:

Boeing's CEO on Monday said the safety systems on its 737 Max jets were properly designed, but he added that the airline is working to make them safer following two recent deadly crashes.

Dennis Muilenburg said the pilots did not '*completely*' follow the procedures that Boeing had outlined to prevent the kind of malfunction that probably caused a March 10 crash of an Ethiopian Airlines jet. A Lion Air 737 Max crashed under similar circumstances in October.

The company's anti-stall software, called MCAS, was a common link in both crashes. It met Boeing's design and safety criteria, and adhered to certification protocols, Muilenburg told reporters following Boeing's annual shareholder meeting in Chicago. 'When we design these systems, understand that these airplanes are flown in the hands of pilots,' he said. He added that Boeing was unable to find any 'technical slip or gap' in building its MCAS software.

Ethiopian officials said earlier this month that pilots flying Ethiopian Airlines Flight 302 repeatedly performed all of Boeing's procedures, but could not control the plane before it crashed.

46. Then, on May 5, 2019, Boeing issued a press statement on its website acknowledging that "Boeing informed the FAA that Boeing engineers had identified the

software issue in 2017” related to the 737 MAX’s safety profile. On May 6, 2019, news outlets reported how Boeing had admitted that the newly revealed safety alert issues were known to them for over a year before telling the FAA and commercial airlines. In response to the news, shares of the Company’s common stock fell \$4.86.

47. On May 8, 2019, an article by *Bloomberg Businessweek* titled, “Former Boeing Engineers Say Relentless Cost-Cutting Sacrificed Safety,” reported that Defendants’ intense desire to compete with Airbus led them to rush bringing the 737 MAX to market as opposed to designing a new, safe commercial aircraft to compete with Airbus.

48. On May 9, 2019, after concealing issues with the 737 MAX since 2017, Defendants cynically stated that: “[A]t no time did our performance targets reward or encourage a trade off against safety ...” Despite the Company’s materially misleading reassurances, that day the Company’s share price fell an additional \$5.62 per share on unusually heavy trading volume of 6,075,200 shares, damaging investors.

49. In stark contrast to Defendants’ safety-related and other statements, reports have since surfaced suggesting that Boeing and its executives knew that 737 MAX lacked certain safety features because they were sold to commercial airlines separately. Notably, shortly after the Lion Air crash, Boeing executive Mike Sinnott told the American Airlines pilot union that their pilots wouldn’t experience the problems because American bought additional safety features.

50. The statements in ¶¶11-12, 32, 34-39, 44-45 above were materially false and misleading and/or omitted material information about Boeing’s BCA segment because Defendants knew and recklessly disregarded the facts that: (i) the 737 MAX’s design was not safer than previous models; (ii) Boeing included undisclosed hacks in an attempt to overcome

these safety concerns created by engineering compromises; (iii) the 737 MAX lacked safety features which Boeing sold as “optional” add-ons which were designed to help address these safety concerns; (iv) most airlines did not purchase these safety “options”; and (v) the FAA had given oversight and certification of Boeing’s MCAS to Boeing, which therefor had a clear conflict of interest as it was rushing the 737 MAX to market.

## **V. LOSS CAUSATION**

51. When Defendants’ prior material misrepresentations, omissions and misconduct were revealed and became apparent to investors, the price of Boeing securities declined in a series of disclosures – as the prior artificial inflation in the price of the Company’s securities was eliminated. As a result of his purchases of Boeing securities during the Class Period, Plaintiff and other members of the Class suffered economic losses, *i.e.*, damages under the federal securities laws.

52. The economic loss suffered by Plaintiff and other members of the Class was a direct result of Defendants’ fraudulent scheme to artificially inflate the price of Boeing securities and the subsequent significant decline in the value of the Company’s securities when Defendants’ prior misstatements and other fraudulent conduct were revealed. The timing and magnitude of Boeing securities price declines negates any inferences that the losses suffered by Plaintiff and the other members of the Class were caused by changed market conditions, macroeconomic or industry factors, or even Company-specific facts unrelated to Defendants’ fraudulent conduct.

53. At all relevant times, the material misrepresentations and omissions alleged in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class

Period, Defendants made or caused to be made a series of materially false or misleading statements about Boeing's business, prospects and operations.

54. The material misstatements and omissions alleged herein, *supra*, had the cause and effect of creating in the market an unrealistically positive assessment of Boeing and its business, prospects, and operations, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period caused Plaintiff and other members of the Class to purchase the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

## **VI. CLASS ACTION ALLEGATIONS**

55. Plaintiff brings this matter as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of a Class of all persons and entities who purchased or otherwise acquired Boeing securities between January 8, 2019 and May 8, 2019, inclusive. Excluded from the Class are Defendants, directors, and officers of Boeing, as well as their families and affiliates.

56. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court.

57. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether Defendants violated the Exchange Act;
- (b) Whether Defendants omitted and/or misrepresented material facts;
- (c) Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) Whether Defendants knew or recklessly disregarded that their statements were false and misleading;

(e) Whether the price of Boeing securities was artificially inflated during the Class Period; and

(f) The extent of damage sustained by Class members and the appropriate measure of damages.

58. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct alleged herein.

59. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation and possess the necessary financial resources to pursue this matter on behalf of the Class. Plaintiff has no interests that conflict with those of the Class.

60. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

## **VII. APPLICABILITY OF PRESUMPTION OF RELIANCE**

61. As a result of the foregoing, the market for Boeing securities promptly digested current information regarding Boeing from all publicly available sources and reflected such information in the prices of the stock. Under these circumstances, all purchasers of Boeing's securities during the Class Period suffered similar injury through their purchase of Boeing's securities at artificially inflated prices, and the *Basic Inc. v. Levinson*, 485 U.S. 224 (1988) presumption of reliance applies.

62. Plaintiff is also entitled to a presumption of reliance under *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), because claims asserted herein against Defendants are predicated upon omissions of material fact for which there was a duty to disclose.

63. Had Plaintiff and other members of the Class known of the material adverse information not disclosed by Defendants or been aware of the truth behind defendants' material misstatements, they would not have purchased Boeing common stock at artificially inflated prices.

64. At all relevant times, there existed a substantial likelihood that the disclosure of the omitted facts would have been viewed by a reasonable investor as having significantly altered the total mix of information made available to Boeing's shareholders.

65. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) The omissions and misrepresentations were material;

(c) The Company's securities traded in efficient markets;

(d) The misrepresentations alleged herein would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

(e) Plaintiff and other members of the Class purchased Boeing's securities between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

(f) At all relevant times, the markets for Boeing's securities were efficient for the following reasons, among others: (i) Boeing filed periodic public reports with the SEC; (ii) its shares traded on the NYSE – a presumptively efficient national secondary exchange; and (iii)

Boeing regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts and other similar reporting services. Plaintiff and the Class relied on the price of Boeing's securities, which reflected all the information in the market, including the misstatements and material omissions by Defendants.

### **VIII. NO SAFE HARBOR**

66. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as and were not "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

67. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Boeing who knew that those statements were false when made.

### **FIRST CLAIM**

#### **Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder (Against All Defendants)**

68. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

69. During the Class Period, Defendants disseminated or approved the false statements and omissions specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

70. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon those who purchased or otherwise acquired Boeing securities during the Class Period.

71. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Boeing's securities. Plaintiff and the Class would not have purchased Boeing's securities at the price paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements and material omissions.

72. The Individual Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them. Defendants' misconduct was engaged in knowingly or with reckless disregard for the truth, and for the purpose and effect of concealing Boeing's true financial condition from the investing public and supporting the artificially inflated price of Boeing's securities.

## SECOND CLAIM

### **Violation of Section 20(a) of the Exchange Act (Against the Individual Defendants)**

73. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

74. The Individual Defendants acted as controlling persons of Boeing within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions at the Company, the Individual Defendants had the power and authority to cause or prevent Boeing from engaging in the wrongful conduct complained of herein. The Individual Defendants were provided with or had unlimited access to the fraudulent SEC filings and other reports alleged by Plaintiff to be misleading both prior to and immediately after their publication, and had the ability to prevent the issuance of these materials or cause them to be corrected so as not to be misleading.

75. By reason of such conduct, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

#### **IX. PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

52. Determining that this action is a proper class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class Classes as defined herein, and a certification of Plaintiff as class representative pursuant to Rule 23 of the Federal Rules of Civil Procedure and appointment of Plaintiff's counsel as Class Counsel;

53. Awarding compensatory and punitive damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result

of Defendants' wrongdoing, in an amount proven at trial, including pre-judgment and post-judgment interest thereon;

54. Awarding Plaintiff and other members of the Class their costs and expenses in this litigation, including reasonable attorneys' fees and experts' fees and other costs and disbursements; and

55. Awarding Plaintiff and the other Class members such other relief as this Court may deem just and proper.

**X. JURY DEMAND**

Plaintiff demands a trial by jury in this action of all issues so triable.