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6 **UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

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8 _____, Individually and on Behalf of
9 All Others Similarly Situated,

10 Plaintiff,

11 vs.

12 GOPRO, INC. and NICHOLAS D.
13 WOODMAN,

14 Defendants

Case No.

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

JURY TRIAL DEMANDED

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16 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons similarly
17 situated, by his undersigned attorneys, for his complaint against the Defendants named herein,
18 alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and
19 information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by
20 and through Plaintiff’s attorneys, which included, among other things, a review of the
21 Defendants’ public documents, conference calls and announcements made by Defendants, United
22 States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by
23 and regarding GoPro, Inc. (“GoPro” or the “Company”), analysts’ reports and advisories about the
24 Company, and information readily obtainable on the Internet. Plaintiff believes that substantial
25 evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for
26 discovery.
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NATURE OF THE ACTION

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2 1. This is a federal securities class action on behalf of a class consisting of all persons other
3 than Defendants who purchased or otherwise acquired common shares of GoPro between September
4 19, 2016 and November 4, 2016, both dates inclusive (the “Class Period”). Plaintiff seeks to recover
5 compensable damages caused by Defendants’ violations of the federal securities laws and to pursue
6 remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”)
7 and Rule 10b-5 promulgated thereunder.
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9 2. GoPro develops and sells mountable and wearable cameras and accessories in the United
10 States and internationally. The Company’s cameras are designed primarily for filming while immersed
11 in action, such as outdoor or extreme sports. On October 23, 2016, following months of delays, GoPro
12 released the Karma drone, a compact, foldable drone designed for aerial photography using GoPro’s
13 cameras.
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15 3. Founded in 2004, the Company was formerly known as Woodman Labs, Inc. and
16 changed its name to GoPro, Inc. in February 2014. GoPro is headquartered in San Mateo, California,
17 and the Company’s common shares are traded on the NASDAQ Global Select Market (“NASDAQ”)
18 under the ticker symbol “GPRO.”
19

20 4. Throughout the Class Period, Defendants made materially false and misleading
21 statements regarding the Company’s business, operational and compliance policies. Specifically,
22 Defendants made false and/or misleading statements and/or failed to disclose that: (i) GoPro’s Karma
23 drones were prone to losing power midflight, causing them to fall out of the sky; (ii) the Company had
24 thus significantly overstated the utility of and likely customer demand for the Karma drone; (iii) the
25 foregoing issue, when publicly known, would necessitate a costly recall of the Company’s Karma
26 drones; and (iv) as a result, GoPro’s public statements were materially false and misleading at all
27 relevant times.
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Materially False and Misleading Statements Issued During the Class Period

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2 18. The Class Period begins on September 19, 2016, when GoPro announced the imminent
3 release of the Company's Karma drone at a product launch event, following months of delays. The
4 Company's CEO, Defendant Woodman, stated, in part:

5 We're stoked to launch Karma and show how much more it is than a drone. Karma packs
6 Hollywood-caliber aerial, handheld and gear-mounted image stabilization into a
7 backpack for \$799. It's so easy to use, a beginner can have fun straight away. . . .

8 19. In a conference call following the launch event, Defendant Woodman addressed the
9 months-long delay preceding the Karma drone's launch, stating, in relevant part: "We felt the consumer
10 deserved that we take a little bit of extra time to nail it."

11 20. In an interview with Emily Chang on *Bloomberg Markets* following the launch event,
12 Defendant Woodman continued to promoted the Karma drone:

13 Emily Chang: So, talk to me about some of the use cases that you foresee.

14
15 Nick Woodman: Well, obviously consumers are going to have a blast using Karma to
16 capture their lives in a whole new way. . . . We think we're entering a new era of high-
17 quality, consumer generated content, it's going to be very exciting. . . . We expect Karma
18 to dramatically improve the quality of footage that film and television producers are able
19 to capture with GoPros [GoPro cameras], and as I said before, I think that Karma is so
20 capable and so versatile, whether you're capturing aerial footage, handheld footage, or
21 you're mounting Karma to a vehicle, or a bike, or a piece of equipment. I mean, I think
we're going to see people using Karma to study shock absorbers in the automotive
industry so that they can watch what a shock absorber is doing while a car is driving
down the road and improve the performance of those products. I think across the board,
Karma is going to be used for a ton of interesting applications.

22 Chang: What are your expectations for sales here? Hundreds of thousands of units?
23 Millions?

24 Woodman: Time will tell. But I do think that Karma hits a sweet spot, Karma hits a
25 sweet spot with existing GoPro customers. You know, we have millions and millions,
26 over 20 million GoPros sold since the introduction of our first HD Hero back in 2009 . . .
27 . We think we've got a terrific installed user base that's going to get a lot of functionality
and use out of Karma, but we also think that [it] can expand our markets and professional
capture, both in film and television production and in industry as well.

1 With our recent product launches, we have delivered on the hardware and software vision
2 outlined at the time of our IPO. Hardware highlights include our new HERO5 line of
3 cameras, the most connected GoPros ever, and Karma, our exciting entry into the drone
4 market.

5 ...

6 Next, I'll review Karma, which went on sale in the U.S. on October 23. As we've shared,
7 Karma is so much more than a drone. It's Hollywood-caliber aerial, handheld and
8 mountable stabilization in a backpack for \$799. Karma represents an exciting set of
9 solutions for new and existing customers and extends our brand into an important new
10 category.

11 27. On November 4, 2016, GoPro's share price fell an additional \$0.78, or 6.53%, to close at
12 \$11.16.

13 28. On November 8, 2016, post-market, GoPro announced the recall of the approximately
14 2,500 Karma drones purchased by consumers since the product's release, advising that the Company
15 had discovered that Karma units were prone to losing power during operation.

16 29. On this news, GoPro's share price fell \$0.45, or 4.14%, to close at \$10.41 on November
17 9, 2016.

18 30. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in
19 the market value of the Company's common shares, Plaintiff and other Class members have suffered
20 significant losses and damages.

21 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

22 31. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure
23 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired
24 GoPro common shares traded on the NASDAQ during the Class Period (the "Class") and were
25 damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are
26 Defendants herein, the officers and directors of the Company, at all relevant times, members of their
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1 immediate families and their legal representatives, heirs, successors or assigns and any entity in which
2 Defendants have or had a controlling interest.

3 32. The members of the Class are so numerous that joinder of all members is impracticable.
4 Throughout the Class Period, GoPro common shares were actively traded on the NASDAQ. While the
5 exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through
6 appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the
7 proposed Class. Record owners and other members of the Class may be identified from records
8 maintained by GoPro or its transfer agent and may be notified of the pendency of this action by mail,
9 using the form of notice similar to that customarily used in securities class actions.
10

11 33. Plaintiff's claims are typical of the claims of the members of the Class as all members of
12 the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is
13 complained of herein.
14

15 34. Plaintiff will fairly and adequately protect the interests of the members of the Class and
16 has retained counsel competent and experienced in class and securities litigation. Plaintiff has no
17 interests antagonistic to or in conflict with those of the Class.
18

19 35. Common questions of law and fact exist as to all members of the Class and predominate
20 over any questions solely affecting individual members of the Class. Among the questions of law and
21 fact common to the Class are:

- 22 • whether the federal securities laws were violated by Defendants' acts as alleged
23 herein;
- 24 • whether statements made by Defendants to the investing public during the Class
25 Period misrepresented material facts about the financial condition, business,
26 operations, and management of GoPro;
- 27 • whether Defendants' public statements to the investing public during the Class
28 Period omitted material facts necessary to make the statements made, in light of
the circumstances under which they were made, not misleading;
- whether Defendant Woodman caused GoPro to issue false and misleading SEC
filings and public statements during the Class Period;

- whether Defendants acted knowingly or recklessly in issuing false and misleading SEC filings and public statements during the Class Period;
- whether the prices of GoPro common shares during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

36. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

37. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- GoPro common shares are traded in efficient markets;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ, and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's common shares; and
- Plaintiff and members of the Class purchased and/or sold GoPro common shares between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

38. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

39. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United*

1 *States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class
2 Period statements in violation of a duty to disclose such information, as detailed above.

3 **COUNT I**

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

6 40. Plaintiff repeats and realleges each and every allegation contained above as if fully set
7 forth herein.

8 41. This Count is asserted against GoPro and Defendant Woodman and is based upon
9 Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the
10 SEC.
11

12 42. During the Class Period, GoPro and Defendant Woodman, individually and in concert,
13 directly or indirectly, disseminated or approved the false statements specified above, which they knew
14 or deliberately disregarded were misleading in that they contained misrepresentations and failed to
15 disclose material facts necessary in order to make the statements made, in light of the circumstances
16 under which they were made, not misleading.
17

18 43. GoPro and Defendant Woodman violated §10(b) of the 1934 Act and Rule 10b-5 in that
19 they:

- 20
- 21 • employed devices, schemes and artifices to defraud;
 - 22 • made untrue statements of material facts or omitted to state material facts
23 necessary in order to make the statements made, in light of the circumstances
24 under which they were made, not misleading; or
 - 25 • engaged in acts, practices and a course of business that operated as a fraud or
26 deceit upon plaintiff and others similarly situated in connection with their
27 purchases of GoPro common shares during the Class Period.

28 44. GoPro and Defendant Woodman acted with scienter in that they knew that the public
documents and statements issued or disseminated in the name of GoPro were materially false and
misleading; knew that such statements or documents would be issued or disseminated to the investing

1 public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of
2 such statements or documents as primary violations of the securities laws. These Defendants by virtue
3 of their receipt of information reflecting the true facts of GoPro, their control over, and/or receipt and/or
4 modification of GoPro allegedly materially misleading statements, and/or their associations with the
5 Company which made them privy to confidential proprietary information concerning GoPro,
6 participated in the fraudulent scheme alleged herein.
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8 45. Defendant Woodman, who is a senior officer and/or director of the Company, had actual
9 knowledge of the material omissions and/or the falsity of the material statements set forth above, and
10 intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with
11 reckless disregard for the truth when he failed to ascertain and disclose the true facts in the statements
12 made by him or by other GoPro personnel to members of the investing public, including Plaintiff and
13 the Class.
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15 46. As a result of the foregoing, the market price of GoPro common shares was artificially
16 inflated during the Class Period. In ignorance of the falsity of GoPro's and Defendant Woodman's
17 statements, Plaintiff and the other members of the Class relied on the statements described above and/or
18 the integrity of the market price of GoPro common shares during the Class Period in purchasing GoPro
19 common shares at prices that were artificially inflated as a result of GoPro's and Defendant Woodman's
20 false and misleading statements.
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22 47. Had Plaintiff and the other members of the Class been aware that the market price of
23 GoPro common shares had been artificially and falsely inflated by GoPro's and Defendant Woodman's
24 misleading statements and by the material adverse information which GoPro and Defendant Woodman
25 did not disclose, they would not have purchased GoPro's common shares at the artificially inflated
26 prices that they did, or at all.
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1 meaning of Section 20(a) of the Exchange Act. In this capacity, he participated in the unlawful conduct
2 alleged which artificially inflated the market price of GoPro common shares.

3 54. By reason of the above conduct, Defendant Woodman is liable pursuant to Section 20(a)
4 of the Exchange Act for the violations committed by GoPro.

5 **PRAYER FOR RELIEF**

6 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

7
8 A. Determining that the instant action may be maintained as a class action under Rule 23 of
9 the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

10 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of
11 the acts and transactions alleged herein;

12 C. Awarding Plaintiff and the other members of the Class prejudgment and post- judgment
13 interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

14 D. Awarding such other and further relief as this Court may deem just and proper.
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16 **DEMAND FOR TRIAL BY JURY**

17 Plaintiff hereby demands a trial by jury.
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