

1 Laurence M. Rosen, Esq. (SBN 219683)  
2 **THE ROSEN LAW FIRM, P.A.**  
3 355 South Grand Avenue, Suite 2450  
4 Los Angeles, CA 90071  
5 Telephone: (213) 785-2610  
6 Facsimile: (213) 226-4684  
7 Email: lrosen@rosenlegal.com

8 *Counsel for Plaintiff*

9 **UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

10 \_\_\_\_\_, Individually and on behalf of  
11 all others similarly situated,

12 Plaintiff,

13 v.

14  
15 ORBOTECH LTD., ASHER LEVY,  
16 DORON ABRAMOVITCH, and RAN  
17 BAREKET,

18 Defendants.

Case No:

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

**JURY TRIAL DEMANDED**

19  
20 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other  
21 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
22 complaint against Defendants (defined below), alleges the following based upon  
23 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
24 belief as to all other matters, based upon, inter alia, the investigation conducted by  
25 and through her attorneys, which included, among other things, a review of the  
26 Defendants’ public documents, conference calls and announcements made by  
27 Defendants, United States Securities and Exchange Commission (“SEC”) filings,  
28 wire and press releases published by and regarding Orbotech Ltd. (“Orbotech” or

1 the “Company”), and information readily obtainable on the Internet. Plaintiff  
2 believes that substantial evidentiary support will exist for the allegations set forth  
3 herein after a reasonable opportunity for discovery.

#### 4 **NATURE OF THE ACTION**

5 1. This is a federal securities class action on behalf of a class consisting  
6 of all persons and entities other than Defendants who purchased or otherwise  
7 acquired the publicly traded securities of Orbotech from February 22, 2013  
8 through May 22, 2017, both dates inclusive (the “Class Period”). Plaintiff seeks to  
9 recover compensable damages caused by Defendants’ violations of the federal  
10 securities laws and to pursue remedies under Sections 10(b) and 20(a) of the  
11 Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5  
12 promulgated thereunder.

#### 13 **JURISDICTION AND VENUE**

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

17 3. This Court has jurisdiction over the subject matter of this action  
18 pursuant to Section 27 of the Exchange Act (15 U.S.C. §78aa).

19 4. Venue is proper in this judicial district pursuant to 28 U.S.C. §  
20 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged  
21 misstatements entered into this judicial district, and the subsequent damages took  
22 place within this judicial district.

23 5. In connection with the acts, conduct and other wrongs alleged in this  
24 complaint, Defendants, directly or indirectly, used the means and instrumentalities  
25 of interstate commerce, including but not limited to, the United States mails,  
26 interstate telephone communications and the facilities of the national securities  
27 exchange.

1 **PARTIES**

2 6. Plaintiff, as set forth in the accompanying certification, incorporated  
3 by reference herein, purchased Orbotech securities at artificially inflated prices  
4 during the Class Period and was economically damaged thereby.

5 7. Defendant Orbotech provides yield-enhancing and process-enabling  
6 solutions for the manufacture of printed circuit boards, flat panel displays, and  
7 semiconductor devices in China, North America, Europe, Japan, Korea, and  
8 internationally. Orbotech is incorporated in Israel and maintains its principal  
9 executive offices at 7 Sanhedrin Boulevard, North Industrial Zone, Yavne  
10 8110101, Israel. Orbotech securities trade on the NASDAQ Stock Market  
11 (“NASDAQ”) under the ticker symbol “ORBK.”

12 8. Defendant Asher Levy (“Levy”) has been the Chief Executive  
13 Officer (“CEO”) of Orbotech since January 1, 2013.

14 9. Defendant Doron Abramovitch (“Abramovitch”) served as the Chief  
15 Financial Officer (“CFO”) and Corporate Vice President of Orbotech from May 1,  
16 2011 to April 30, 2015.

17 10. Defendant Ran Bareket (“Bareket”) has been the CFO and Corporate  
18 Vice President of Orbotech since July 1, 2015.

19 11. Defendants Levy, Abramovitch, and Bareket are collectively referred  
20 to herein as the “Individual Defendants.”

21 12. Each of the Individual Defendants:

- 22 a. directly participated in the management of the Company;
  - 23 b. was directly involved in the day-to-day operations of the  
24 Company at the highest levels;
  - 25 c. was privy to confidential proprietary information concerning  
26 the Company and its business and operations;
- 27  
28

- 1 d. was directly or indirectly involved in drafting, producing,  
2 reviewing and/or disseminating the false and misleading  
3 statements and information alleged herein;  
4 e. was directly or indirectly involved in the oversight or  
5 implementation of the Company's internal controls;  
6 f. was aware of or recklessly disregarded the fact that the false  
7 and misleading statements were being issued concerning the  
8 Company; and/or  
9 g. approved or ratified these statements in violation of the federal  
10 securities laws.

11 13. Orbotech is liable for the acts of the Individual Defendants and its  
12 employees under the doctrine of *respondeat superior* and common law principles  
13 of agency because all of the wrongful acts complained of herein were carried out  
14 within the scope of their employment.

15 14. The scienter of the Individual Defendants and other employees and  
16 agents of the Company is similarly imputed to Orbotech under *respondeat*  
17 *superior* and agency principles.

18 15. Defendants Orbotech and Individual Defendants are collectively  
19 referred to herein as "Defendants."

## 20 **SUBSTANTIVE ALLEGATIONS**

### 21 **Materially False and Misleading Statements Issued During the Class Period**

22 16. On February 22, 2013, the Company filed a Form 20-F for the fiscal  
23 year ended December 31, 2012 (the "2012 20-F") with the SEC, which provided  
24 the Company's year-end financial results and position and stated that the  
25 Company's internal control over financial reporting and disclosure controls and  
26 procedures were effective as of December 31, 2012. The 2012 20-F was signed by  
27 Defendant Levy. The 2012 20-F also contained signed certifications pursuant to  
28 the Sarbanes-Oxley Act of 2002 ("SOX") by Defendants Levy and Abramovitch

1 attesting to the accuracy of financial reporting, the disclosure of any material  
2 changes to the Company's internal controls over financial reporting, and the  
3 disclosure of all fraud.

4 17. On February 21, 2014, the Company filed a Form 20-F for the fiscal  
5 year ended December 31, 2013 (the "2013 20-F") with the SEC, which provided  
6 the Company's year-end financial results and position and stated that the  
7 Company's internal control over financial reporting and disclosure controls and  
8 procedures were effective as of December 31, 2013. The 2013 20-F was signed by  
9 Defendant Levy. The 2013 20-F also contained signed SOX certifications by  
10 Defendants Levy and Abramovitch attesting to the accuracy of financial reporting,  
11 the disclosure of any material changes to the Company's internal controls over  
12 financial reporting, and the disclosure of all fraud.

13 18. On February 27, 2015, the Company filed a Form 20-F for the fiscal  
14 year ended December 31, 2014 (the "2014 20-F") with the SEC, which provided  
15 the Company's year-end financial results and position and stated that the  
16 Company's internal control over financial reporting and disclosure controls and  
17 procedures were effective as of December 31, 2014. The 2014 20-F was signed by  
18 Defendant Levy. The 2014 20-F also contained signed SOX certifications by  
19 Defendants Levy and Abramovitch attesting to the accuracy of financial reporting,  
20 the disclosure of any material changes to the Company's internal controls over  
21 financial reporting, and the disclosure of all fraud.

22 19. On March 4, 2016, the Company filed a Form 20-F for the fiscal year  
23 ended December 31, 2015 (the "2015 20-F") with the SEC, which provided the  
24 Company's year-end financial results and position and stated that the Company's  
25 internal control over financial reporting and disclosure controls and  
26 procedures were effective as of December 31, 2015. The 2015 20-F was signed by  
27 Defendant Levy. The 2015 20-F also contained signed SOX certifications by  
28 Defendants Levy and Bareket attesting to the accuracy of financial reporting, the

1 disclosure of any material changes to the Company's internal controls over  
2 financial reporting, and the disclosure of all fraud.

3 20. On February 24, 2017, the Company filed a Form 20-F for the fiscal  
4 year ended December 31, 2016 (the "2016 20-F") with the SEC, which provided  
5 the Company's year-end financial results and position and stated that the  
6 Company's internal control over financial reporting and disclosure controls and  
7 procedures were effective as of December 31, 2016. The 2016 20-F was signed by  
8 Defendant Levy. The 2016 20-F also contained signed SOX certifications by  
9 Defendants Levy and Bareket attesting to the accuracy of financial reporting, the  
10 disclosure of any material changes to the Company's internal controls over  
11 financial reporting, and the disclosure of all fraud.

12 21. The statements contained in ¶¶ 16-20 were materially false and/or  
13 misleading because they misrepresented and failed to disclose the following  
14 adverse facts pertaining to the Company's business, operations and prospects,  
15 which were known to Defendants or recklessly disregarded by them. Specifically,  
16 Defendants made false and/or misleading statements and/or failed to disclose that:  
17 (1) Orbotech unlawfully avoided paying millions of dollars in Israeli taxes; (2)  
18 discovery of the foregoing conduct would subject Orbotech to heightened  
19 regulatory scrutiny and potential criminal investigations; and (3) as a result,  
20 Defendants' statements about the Company's business, operations, and prospects,  
21 were materially false and misleading and/or lacked a reasonable basis at all  
22 relevant times.

### 23 **The Truth Emerges**

24 22. On May 22, 2017, Orbotech filed a Form 6-K with the SEC revealing  
25 that the Israel Tax Authority ("ITA") assessed Orbotech for \$58 million in taxes  
26 for fiscal years 2012-2014, stating in pertinent part:  
27  
28

1 As previously disclosed, the Israel Tax Authority (the “ITA”) has  
2 been auditing the Company for the fiscal years 2012-2014. On  
3 May 21, 2017, the Company received a best judgment tax assessment  
4 from the ITA with respect to this period (the “Assessment”), which  
5 challenges the Company’s positions on several issues. Pursuant to the  
6 Assessment, the aggregate amount of tax being assessed against the  
7 Company, after offsetting all operating losses for tax purposes  
8 available through the end of 2014, is approximately NIS 207 million  
9 (currently approximately U.S. \$58 million) which amount includes  
10 related interest and linkage differentials.

11 In addition, on Monday, May 22, 2017, the ITA conducted an  
12 investigation that involved document collection at the Company’s  
13 headquarters in Israel and at the office of the Company’s tax  
14 consultant. Several of the Company’s employees, including officers,  
15 are being questioned, as are tax consultants from the Company’s  
16 independent registered accounting firm. The criminal investigation  
17 relates to tax positions taken by the Company in the audit period as  
18 well as in prior periods. The Company is co-operating with the ITA.

19 The Company believes that it has made adequate provisions for  
20 its potential tax liabilities in its financial statements in all periods.  
21 Based on the advice of its tax consultants, the Company believes that  
22 it has strong arguments to dispute the positions taken by the ITA in  
23 the Assessment and intends vigorously to contest the Assessment in  
24 accordance with Israeli law. However, given that the process is in its  
25 preliminary stages, the Company cannot assure the outcome or timing  
26 of completion of the process, including the amount of tax ultimately  
27 payable related to 2012-2014 and prior fiscal years, and additional  
28 taxes, penalties, criminal sanctions, fines and other amounts may be  
imposed as a result of the Assessment and investigation, which may  
be material in amount or in adverse impact on the Company’s results  
of operations, financial position and reputation. The outcome may  
also impact the Company’s results of operations as a result of tax  
positions taken for subsequent fiscal years.

23. On this news, shares of Orbotech fell \$2.22 per share or over 6% to  
close at \$34.50 per share on May 22, 2017, damaging investors.

1           24. As a result of Defendants’ wrongful acts and omissions, and the  
2 precipitous decline in the market value of the Company’s securities, Plaintiff and  
3 other Class members have suffered significant losses and damages.

4                           **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5           25. Plaintiff brings this action as a class action pursuant to Federal Rule  
6 of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons  
7 other than defendants who acquired Orbotech securities publicly traded on  
8 NASDAQ during the Class Period and who were damaged thereby (the “Class”).  
9 Excluded from the Class are Defendants, the officers and directors of Orbotech,  
10 members of the Individual Defendants’ immediate families and their legal  
11 representatives, heirs, successors or assigns and any entity in which Officer or  
12 Director Defendants have or had a controlling interest.

13           26. The members of the Class are so numerous that joinder of all  
14 members is impracticable. Throughout the Class Period, Orbotech securities were  
15 actively traded on NASDAQ. While the exact number of Class members is  
16 unknown to Plaintiff at this time and can be ascertained only through appropriate  
17 discovery, Plaintiff believes that there are hundreds, if not thousands of members  
18 in the proposed Class.

19           27. Plaintiff’s claims are typical of the claims of the members of the  
20 Class as all members of the Class are similarly affected by defendants’ wrongful  
21 conduct in violation of federal law that is complained of herein.

22           28. Plaintiff will fairly and adequately protect the interests of the  
23 members of the Class and has retained counsel competent and experienced in class  
24 and securities litigation. Plaintiff has no interests antagonistic to or in conflict with  
25 those of the Class.

26           29. Common questions of law and fact exist as to all members of the  
27 Class and predominate over any questions solely affecting individual members of  
28 the Class. Among the questions of law and fact common to the Class are:



- a. whether the Exchange Act was violated by Defendants' acts as alleged herein;
- b. whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the financial condition and business Orbotech;
- c. whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- d. whether the Defendants caused the Company to issue false and misleading SEC filings during the Class Period;
- e. whether Defendants acted knowingly or recklessly in issuing false and SEC filing
- f. whether the prices of Orbotech's securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- g. whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

30. 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.

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

- 1           a.     Orbotech securities met the requirements for listing, and were  
2                   listed and actively traded on NASDAQ, a highly efficient and  
3                   automated market;  
4           b.     As a public issuer, the Company filed periodic public reports  
5                   with the SEC and NASDAQ;  
6           c.     The Company regularly communicated with public investors  
7                   via established market communication mechanisms, including  
8                   through the regular dissemination of press releases via major  
9                   newswire services and through other wide-ranging public  
10                  disclosures, such as communications with the financial press  
11                  and other similar reporting services; and  
12          d.     The Company was followed by a number of securities analysts  
13                  employed by major brokerage firms who wrote reports that  
14                  were widely distributed and publicly available.

15           32.    Based on the foregoing, the market for Orbotech securities promptly  
16 digested current information regarding the Company from all publicly available  
17 sources and reflected such information in the prices of the shares, and Plaintiff and  
18 the members of the Class are entitled to a presumption of reliance upon the  
19 integrity of the market.

20           33.    Alternatively, Plaintiff and the members of the Class are entitled to  
21 the presumption of reliance established by the Supreme Court in *Affiliated Ute*  
22 *Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants  
23 omitted material information in their Class Period statements in violation of a duty  
24 to disclose such information as detailed above.

1 **COUNT I**

2 **For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**  
3 **Against All Defendants**

4 34. Plaintiff repeats and realleges each and every allegation contained  
5 above as if fully set forth herein.

6 35. This Count is asserted against Defendants is based upon Section  
7 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated  
8 thereunder by the SEC.

9 36. During the Class Period, Defendants, individually and in concert,  
10 directly or indirectly, disseminated or approved the false statements specified  
11 above, which they knew or deliberately disregarded were misleading in that they  
12 contained misrepresentations and failed to disclose material facts necessary in  
13 order to make the statements made, in light of the circumstances under which they  
14 were made, not misleading.

15 37. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that  
16 they: employed devices, schemes and artifices to defraud; made untrue statements  
17 of material facts or omitted to state material facts necessary in order to make the  
18 statements made, in light of the circumstances under which they were made, not  
19 misleading; or engaged in acts, practices and a course of business that operated as  
20 a fraud or deceit upon plaintiff and others similarly situated in connection with  
21 their purchases of Orbotech securities during the Class Period.

22 38. Defendants acted with scienter in that they knew that the public  
23 documents and statements issued or disseminated in the name of the Company  
24 were materially false and misleading; knew that such statements or documents  
25 would be issued or disseminated to the investing public; and knowingly and  
26 substantially participated, or acquiesced in the issuance or dissemination of such  
27 statements or documents as primary violations of the securities laws. These  
28 defendants by virtue of their receipt of information reflecting the true facts of

1 Orbotech, their control over, and/or receipt and/or modification of the Company's  
2 allegedly materially misleading statements, and/or their associations with the  
3 Company which made them privy to confidential proprietary information  
4 concerning the Company, participated in the fraudulent scheme alleged herein.

5 39. Individual Defendants, who are the senior officers and/or directors of  
6 the Company, had actual knowledge of the material omissions and/or the falsity of  
7 the material statements set forth above, and intended to deceive Plaintiff and the  
8 other members of the Class, or, in the alternative, acted with reckless disregard for  
9 the truth when they failed to ascertain and disclose the true facts in the statements  
10 made by them or other Company personnel to members of the investing public,  
11 including Plaintiff and the Class.

12 40. As a result of the foregoing, the market price of Orbotech securities  
13 was artificially inflated during the Class Period. In ignorance of the falsity of  
14 Defendants' statements, Plaintiff and the other members of the Class relied on the  
15 statements described above and/or the integrity of the market price of Orbotech  
16 securities during the Class Period in purchasing Orbotech securities at prices that  
17 were artificially inflated as a result of Defendants' false and misleading  
18 statements.

19 41. Had Plaintiff and the other members of the Class been aware that the  
20 market price of Orbotech securities had been artificially and falsely inflated by  
21 Defendants' misleading statements and by the material adverse information which  
22 Defendants did not disclose, they would not have purchased Orbotech securities at  
23 the artificially inflated prices that they did, or at all.

24 42. As a result of the wrongful conduct alleged herein, Plaintiff and other  
25 members of the Class have suffered damages in an amount to be established at  
26 trial.

27 43. By reason of the foregoing, Defendants have violated Section 10(b)  
28 of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the

1 plaintiff and the other members of the Class for substantial damages which they  
2 suffered in connection with their purchase of Orbotech securities during the Class  
3 Period.

4 **COUNT II**

5 **Violations of Section 20(a) of the Exchange Act Against the Individual**  
6 **Defendants**

7 44. Plaintiff repeats and realleges each and every allegation contained in  
8 the foregoing paragraphs as if fully set forth herein.

9 45. During the Class Period, the Individual Defendants participated in the  
10 operation and management of the Company, and conducted and participated,  
11 directly and indirectly, in the conduct of the Company's business affairs. Because  
12 of their senior positions, they knew the adverse non-public information about  
13 Orbotech's false financial statements.

14 46. As officers and/or directors of a publicly owned company, the  
15 Individual Defendants had a duty to disseminate accurate and truthful information  
16 with respect to the Company's financial condition and results of operations, and to  
17 correct promptly any public statements issued by the Company which had become  
18 materially false or misleading.

19 47. Because of their positions of control and authority as senior officers,  
20 the Individual Defendants were able to, and did, control the contents of the  
21 various reports, press releases and public filings which the Company disseminated  
22 in the marketplace during the Class Period concerning the Company's results of  
23 operations. Throughout the Class Period, the Individual Defendants exercised  
24 their power and authority to cause the Company to engage in the wrongful acts  
25 complained of herein. The Individual Defendants therefore, were "controlling  
26 persons" of the Company within the meaning of Section 20(a) of the Exchange  
27 Act. In this capacity, they participated in the unlawful conduct alleged which  
28 artificially inflated the market price of Orbotech securities.

1 48. By reason of the above conduct, the Individual Defendants are liable  
2 pursuant to Section 20(a) of the Exchange Act for the violations committed by the  
3 Company.

4 **PRAYER FOR RELIEF**

5 WHEREFORE, Plaintiff, on behalf of herself and the Class, prays for  
6 judgment and relief as follows:

7 (a) declaring this action to be a proper class action, designating plaintiff  
8 as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of  
9 the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead  
10 Counsel;

11 (b) awarding damages in favor of plaintiff and the other Class members  
12 against all defendants, jointly and severally, together with interest thereon;

13 (c) awarding plaintiff and the Class reasonable costs and expenses  
14 incurred in this action, including counsel fees and expert fees; and

15 (d) awarding plaintiff and other members of the Class such other and  
16 further relief as the Court may deem just and proper.

17 **JURY TRIAL DEMANDED**

18 Plaintiff hereby demands a trial by jury.

19  
20 Dated: May \_\_, 2017

Respectfully submitted,

21 **THE ROSEN LAW FIRM, P.A.**

22  
23 By: \_\_\_\_\_  
24 Laurence M. Rosen, Esq. (SBN 219683)  
25 355 S. Grand Avenue, Suite 2450  
26 Los Angeles, CA 90071  
27 Telephone: (213) 785-2610  
28 Facsimile: (213) 226-4684  
Email: lrosen@rosenlegal.com

*Counsel for Plaintiff*