

**POMERANTZ LLP**

Jennifer Pafiti (SBN 282790)

468 North Camden Drive

Beverly Hills, CA 90210

Telephone: (818) 532-6499

E-mail: [jpafiti@pomlaw.com](mailto:jpafiti@pomlaw.com)

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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

JAMES FEENSTRA, Individually and  
on Behalf of All Others Similarly  
Situated,

Plaintiff,

vs.

QUALCOMM INCORPORATED,  
STEVEN M. MOLLENKOPF,  
GEORGE S. DAVIS, PAUL E.  
JACOBS, and WILLIAM E. KEITEL,

Defendants

Case No. '17CV155 LAB JLB

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

JURY TRIAL DEMANDED

Plaintiff James Feenstra (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which

1 included, among other things, a review of the Defendants’ public documents, conference  
2 calls and announcements made by Defendants, U.S. Securities and Exchange  
3 Commission (“SEC”) filings, wire and press releases published by and regarding  
4 QUALCOMM Incorporated (“Qualcomm” or the “Company”), analysts’ reports and  
5 advisories about the Company, and information readily obtainable on the Internet.  
6 Plaintiff believes that substantial evidentiary support will exist for the allegations set  
7 forth herein after a reasonable opportunity for discovery.  
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### 10 NATURE OF THE ACTION

11  
12 1. This is a federal securities class action on behalf of a class consisting of all  
13 persons other than Defendants who purchased or otherwise acquired common shares of  
14 Qualcomm between November 7, 2012 and January 19, 2017, both dates inclusive (the  
15 “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’  
16 violations of the federal securities laws and to pursue remedies under Sections 10(b) and  
17 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5  
18 promulgated thereunder.  
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21 2. Qualcomm is a global semiconductor company that develops, designs,  
22 licenses, and markets worldwide its digital communications products and services,  
23 primarily through its two main business segments: Qualcomm CDMA Technologies  
24 (“QCT”) and Qualcomm Technology Licensing (“QTL”). QCT deals with equipment  
25 sales while QTL engages in licensing of patents and technology. QCT, a wholly-owned  
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1 subsidiary of Qualcomm, is operated by Qualcomm Technologies, Inc. (“QTI”), another  
2 wholly-owned subsidiary of Qualcomm. QTL, a third wholly-owned subsidiary of  
3 Qualcomm, grants licenses or otherwise provides rights to use portions of Qualcomm’s  
4 patent portfolio.  
5

6 3. Founded in January 1985, the Company is headquartered in San Diego,  
7 California. The Company’s common stock trades on the Nasdaq Global Select Market  
8 (“NASDAQ”) under the ticker symbol “QCOM.”  
9

10 4. Throughout the Class Period, Defendants made materially false and  
11 misleading statements regarding the Company’s business, operational and compliance  
12 policies. Specifically, Defendants made false and/or misleading statements and/or failed  
13 to disclose that: (i) Qualcomm engaged in anticompetitive conduct to maintain a  
14 monopoly for semiconductors used in mobile phones in violation of federal law; (ii) in  
15 turn, Qualcomm lacked effective internal controls over financial reporting; and (iii) as a  
16 result, Qualcomm’s public statements were materially false and misleading at all  
17 relevant times.  
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21 5. On December 28, 2016, the South Korean Fair Trade Commission fined  
22 Qualcomm a record \$853 million for violating antitrust laws. After a three-year  
23 investigation, the Korean antitrust regulator found that Qualcomm breached antitrust law  
24 by limiting competing chip makers’ access to its patents. It also found that the Company  
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1 forced mobile-phone manufacturers into unfair license agreements by refusing to supply  
2 critical phone chips to those that would not accept Qualcomm's terms.

3         6. On this news, Qualcomm's share price fell \$1.50, or 2.23%, to close at  
4 \$65.75 on December 28, 2017.

5  
6         7. On January 17, 2017, the U.S. Federal Trade Commission ("FTC")  
7 commenced an enforcement action against Qualcomm following an investigation of the  
8 Company's licensing practices. The agency's complaint, filed in U.S. District Court for  
9 the Northern District of California, said that Qualcomm used its dominant position to  
10 maintain an illegal monopoly in the market for mobile phone chips.  
11

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13         8. On this news, Qualcomm's share price fell \$2.69, or 4.02%, to close at  
14 \$64.19 on January 17, 2017.  
15

16         9. On January 20, 2017, *The Wall Street Journal* reported that tech-giant  
17 Apple Inc. was suing Qualcomm, alleging that the Company "leveraged its monopoly  
18 position as a manufacturer of baseband chips, a critical component used in cellphones, to  
19 seek 'onerous, unreasonable and costly' terms for patents, and that Qualcomm blocked  
20 Apple's ability to choose another supplier for chipsets." The article further reported that  
21 Apple was seeking \$1 billion in rebate payments that Qualcomm allegedly withheld as  
22 retribution for Apple's involvement in an investigation conducted by South Korea's  
23 antitrust regulator.  
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1           10. On this news, Qualcomm's share price fell \$1.56, or 2.42%, to close at  
2 \$62.88 on January 20, 2017.

3           11. As a result of Defendants' wrongful acts and omissions, and the precipitous  
4 decline in the market value of the Company's common shares, Plaintiff and other Class  
5 members have suffered significant losses and damages.  
6

7  
8                                   **JURISDICTION AND VENUE**

9           12. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of  
10 the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5 promulgated  
11 thereunder by the SEC (17 C.F.R. §240.10b-5).  
12

13           13. This Court has jurisdiction over the subject matter of this action under 28  
14 U.S.C. §1331 and §27 of the Exchange Act.  
15

16           14. Venue is proper in this Judicial District pursuant to §27 of the Exchange  
17 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b). Qualcomm's principal executive offices  
18 are located within this Judicial District.  
19

20           15. In connection with the acts, conduct and other wrongs alleged in this  
21 Complaint, Defendants, directly or indirectly, used the means and instrumentalities of  
22 interstate commerce, including but not limited to, the United States mail, interstate  
23 telephone communications and the facilities of the national securities exchange.  
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**PARTIES**

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2 16. Plaintiff, as set forth in the accompanying Certification, purchased common  
3 shares of Qualcomm at artificially inflated prices during the Class Period and was  
4 damaged upon the revelation of the alleged corrective disclosure.  
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6 17. Defendant Qualcomm is incorporated in Delaware, and the Company’s  
7 principal executive offices are located at 5775 Morehouse Drive, San Diego, California  
8 92121. Qualcomm’s common stock trades on the NASDAQ under the ticker symbol  
9 “QCOM.”  
10

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12 18. Defendant Steven M. Mollenkopf (“Mollenkopf”) has served as the  
13 Company’s Chief Executive Officer (“CEO”) and Director since March 2014.  
14

15 19. Defendant George S. Davis (“Davis”) has served as the Company’s Chief  
16 Financial Officer (“CFO”) and Executive Vice President since March 2013.  
17

18 20. Defendant Paul E. Jacobs (“Jacobs”) served as the Company’s CEO from  
19 July 2005 to March 2014 and has served as Chairman of the Company’s Board of  
20 Directors since March 2009.  
21

22 21. Defendant William E. Keitel (“Keitel”) served as the Company’s CFO from  
23 February 2002 to March 2013 and as Executive Vice President from December 2003 to  
24 March 11, 2013.  
25

26 22. The Defendants referenced above in ¶¶ 18-21 are sometimes referred to-  
27 herein as the “Individual Defendants.”  
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## SUBSTANTIVE ALLEGATIONS

### Background

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2  
3 23. Qualcomm is a global semiconductor company that develops, designs,  
4 licenses, and markets worldwide its digital communications products and services,  
5 primarily through its two main business segments: Qualcomm CDMA Technologies and  
6 Qualcomm Technology Licensing. QCT deals with equipment sales while QTL engages  
7 in licensing of patents and technology. QCT, a wholly-owned subsidiary of Qualcomm,  
8 is operated by Qualcomm Technologies, Inc., another wholly-owned subsidiary of  
9 Qualcomm. QTL, a third wholly-owned subsidiary of Qualcomm, grants licenses or  
10 otherwise provides rights to use portions of Qualcomm's patent portfolio.  
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14 24. Founded in January 1985, the Company is headquartered in San Diego,  
15 California.  
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### Materially False and Misleading Statements Issued During the Class Period

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19 25. The Class Period begins on November 7, 2012, when Qualcomm filed an  
20 annual report on Form 10-K with the SEC, announcing the Company's financial and  
21 operating results for the quarter and fiscal year ended September 30, 2012 (the "2012  
22 10-K"). For the quarter, Qualcomm reported net income of \$1.27 billion, or \$0.73 per  
23 diluted share, on revenue of \$4.87 billion, compared to net income of \$1.05 billion, or  
24 \$0.62 per diluted share, on revenue of \$4.12 billion for the same period in the prior year.  
25  
26 For 2012, Qualcomm reported net income of \$6.1 billion, or \$3.51 per diluted share, on  
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1 revenue of \$19.1 billion, compared to net income of \$4.26 billion, or \$2.52 per diluted  
2 share, on revenue of \$14.95 billion for 2011.

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4 26. In the 2012 10-K, Qualcomm stated, in part:

5 *Our Revenues.* We generate revenues by selling products and  
6 services, which include:

- 7 • integrated circuits (also known as chips or chipsets) and Radio  
8 Frequency (RF) and Power Management (PM) chips and  
9 system software used in mobile devices and in wireless  
10 networks;
- 11 • integrated circuits for use in wired devices, particularly  
12 broadband gateway equipment, desktop computers, televisions  
13 and Blu-ray players;
- 14 • equipment, software and services used by companies,  
15 including those in the transportation industry and governments,  
16 to wirelessly manage their assets and workforce;
- 17 • software products and services for content enablement across a  
18 wide variety of platforms and devices for the wireless industry;
- 19 • software products and services that enable mobile commerce  
20 services; and
- 21 • software and hardware development services.

22 We also generate revenues by licensing portions of our intellectual  
23 property portfolio, which includes certain patent rights essential to  
24 and/or useful in the manufacture and sale of certain wireless products.

25  
26 27. The 2012 10-K discussed Qualcomm's "significant position" in the wireless  
27 communication industry, stating in pertinent part:

28  
**Competition**

Competition in the communications industry throughout the world  
continues to increase at a rapid pace as consumers, businesses and  
governments realize the potential of wireless communications  
products and services. We have facilitated competition in the wireless  
communications industry by licensing and enabling a large number of  
manufacturers. Although we have attained a significant position in



1 the industry, many of our current and potential competitors may have  
2 advantages over us, which include, among others, motivation by our  
3 customers in certain circumstances to find alternate suppliers or  
4 choose alternate technologies and foreign government support of  
5 other technologies (e.g., GSM) or our competitors. In addition, our  
6 competitors may have established more extensive relationships with  
7 local distribution and original equipment manufacturer companies in  
8 emerging geographic regions (e.g., China) or a more established  
9 presence in certain device markets. These relationships may affect  
10 customers' decisions to purchase products or license technology from  
11 us. Accordingly, new competitors or alliances among competitors  
12 could emerge and rapidly acquire significant market positions to our  
13 detriment.

14 We expect to continue to face competition throughout the world as  
15 new technologies and services are introduced in the future and as  
16 additional companies compete with our products or services based on  
17 3G, 4G or other technologies. Although we intend to continue to  
18 make substantial investments in developing improvements to existing  
19 and new products and technologies, our competitors may introduce  
20 alternative products, services or technologies that threaten our  
21 business. It is also possible that the price we charge for our products  
22 and services may continue to decline as competition continues to  
23 intensify.

24 28. The 2012 10-K contained signed certifications pursuant to the Sarbanes-  
25 Oxley Act of 2002 ("SOX") by Defendants Jacobs and Keitel, stating that the financial  
26 information contained in the 2012 10-K was accurate and disclosed any material changes  
27 to the Company's internal control over financial reporting.

28 29. On January 30, 2013, Qualcomm filed a quarterly report on Form 10-Q with  
the SEC, announcing the Company's financial and operating results for the quarter ended  
December 30, 2012 (the "Q1 2013 10-Q"). For the quarter, Qualcomm reported net  
income of \$1.9 billion, or \$1.09 per diluted share, on revenue of \$6.01 billion, compared

1 to net income of \$1.4 billion, or \$0.81 per diluted share, on revenue of \$4.68 billion for  
2 the same period in the prior year.

3 30. The Q1 2013 10-Q contained signed certifications pursuant to SOX by  
4 Defendants Jacobs and Keitel, stating that the financial information contained in the Q1  
5 2013 10-Q was accurate and disclosed any material changes to the Company's internal  
6 control over financial reporting.  
7

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9 31. On April 24, 2013, Qualcomm filed a quarterly report on Form 10-Q with  
10 the SEC, announcing the Company's financial and operating results for the quarter ended  
11 March 31, 2013 (the "Q2 2013 10-Q"). For the quarter, Qualcomm reported net income  
12 of \$1.86 billion, or \$1.06 per diluted share, on revenue of \$6.12 billion, compared to net  
13 income of \$2.23 billion, or \$1.28 per diluted share, on revenue of \$4.93 billion for the  
14 same period in the prior year.  
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17 32. The Q2 2013 10-Q contained signed certifications pursuant to SOX by  
18 Defendants Jacobs and Davis, stating that the financial information contained in the Q2  
19 2013 10-Q was accurate and disclosed any material changes to the Company's internal  
20 control over financial reporting.  
21

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23 33. On July 24, 2013, Qualcomm filed a quarterly report on Form 10-Q with the  
24 SEC, announcing the Company's financial and operating results for the quarter ended  
25 June 30, 2013 (the "Q3 2013 10-Q"). For the quarter, Qualcomm reported net income of  
26 \$1.58 billion, or \$0.90 per diluted share, on revenue of \$6.24 billion, compared to net  
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1 income of \$1.2 billion, or \$0.69 per diluted share, on revenue of \$4.62 billion for the  
2 same period in the prior year.

3 34. The Q3 2013 10-Q contained signed certifications pursuant to SOX by  
4 Defendants Jacobs and Davis, stating that the financial information contained in the Q3  
5 2013 10-Q was accurate and disclosed any material changes to the Company's internal  
6 control over financial reporting.  
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9 35. On November 6, 2013, Qualcomm filed an annual report on Form 10-K  
10 with the SEC, announcing the Company's financial and operating results for the quarter  
11 and fiscal year ended September 29, 2013 (the "2013 10-K"). For the quarter,  
12 Qualcomm reported net income of \$1.50 billion, or \$0.86 per diluted share, on revenue  
13 of \$6.48 billion, compared to net income of \$1.27 billion, or \$0.73 per diluted share, on  
14 revenue of \$4.87 billion for the same period in the prior year. For 2013, Qualcomm  
15 reported net income of \$6.85 billion, or \$3.91 per diluted share, on revenue of \$24.86  
16 billion, compared to net income of \$6.1 billion, or \$3.51 per diluted share, on revenue  
17 \$19.12 billion for 2012.  
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21 36. The 2013 10-K contained signed certifications pursuant to SOX by  
22 Defendants Jacobs and Davis, stating that the financial information contained in the 2013  
23 10-K was accurate and disclosed any material changes to the Company's internal  
24 controls over financial reporting.  
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27 **The Truth Begins to Emerge**

1           37. On November 25, 2013, Qualcomm issued a press release titled “China’s  
2 National Development and Reform Commission [“NDRC”] Notifies Qualcomm of  
3 Investigation” revealing that the NDRC had commenced an investigation concerning the  
4 Company’s potential violations of China’s Anti-Monopoly Law.  
5

6           38. On January 29, 2014, Qualcomm filed a quarterly report on Form 10-Q with  
7 the SEC, announcing the Company’s financial and operating results for the quarter ended  
8 December 29, 2013 (the “Q1 2014 10-Q”). For the quarter, Qualcomm reported net  
9 income of \$1.87 billion, or \$1.09 per diluted share, on revenue of \$6.62 billion,  
10 compared to net income of \$1.9 billion, or \$1.09 per diluted share, on revenue of \$6.01  
11 billion for the same period in the prior year.  
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14           39. The Q1 2014 10-Q contained signed certifications pursuant to SOX by  
15 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
16 Q1 2014 10-Q was accurate and disclosed any material changes to the Company’s  
17 internal control over financial reporting.  
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20           40. On April 23, 2014, Qualcomm filed a quarterly report on Form 10-Q with  
21 the SEC, announcing the Company’s financial and operating results for the quarter ended  
22 March 30, 2014 (the “Q2 2014 10-Q”). For the quarter, Qualcomm reported net income  
23 of \$1.95 billion, or \$1.14 per diluted share, on revenue of \$6.36 billion, compared to net  
24 income of \$1.86 billion, or \$1.06 per diluted share, on revenue of \$6.12 billion for the  
25 same period in the prior year.  
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1           41. The Q2 2014 10-Q contained signed certifications pursuant to SOX by  
2 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
3 Q2 2014 10-Q was accurate and disclosed any material changes to the Company's  
4 internal control over financial reporting.  
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6           42. On July 23, 2014, Qualcomm filed a quarterly report on Form 10-Q with the  
7 SEC, announcing the Company's financial and operating results for the quarter ended  
8 June 29, 2014 (the "Q3 2014 10-Q"). For the quarter, Qualcomm reported net income of  
9 \$2.23 billion, or \$1.31 per diluted share, on revenue of \$6.8 billion, compared to net  
10 income of \$1.58 billion, or \$0.90 per diluted share, on revenue of \$6.24 billion for the  
11 same period in the prior year.  
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14           43. The Q3 2014 10-Q contained signed certifications pursuant to SOX by  
15 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
16 Q3 2014 10-Q was accurate and disclosed any material changes to the Company's  
17 internal control over financial reporting.  
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20           44. On November 5, 2014, Qualcomm filed an annual report on Form 10-K  
21 with the SEC, announcing the Company's financial and operating results for the quarter  
22 and fiscal year ended September 28, 2014 (the "2014 10-K"). For the quarter,  
23 Qualcomm reported net income of \$1.89 billion, or \$1.11 per diluted share, on revenue  
24 of \$6.69 billion, compared to net income of \$1.5 billion, or \$0.86 per diluted share, on  
25 revenue of \$6.48 billion for the same period in the prior year. For 2014, Qualcomm  
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1 reported net income of \$7.96 billion, or \$4.65 per diluted share, on revenue of \$26.48  
2 billion, compared to net income of \$6.85 billion, or \$3.9 per diluted share, on revenue  
3 \$24.86 billion for 2013.  
4

5 45. In the 2014 10-K, Qualcomm disclosed new antitrust probes involving the  
6 Company, stating in pertinent part:

7  
8 *European Commission Investigation:* On October 15, 2014, the  
9 Commission notified us that it is conducting an investigation of us  
10 relating to Article 101 and/or 102 of the Treaty on the Functioning of  
11 the European Union (TFEU) and Article 53 and/or 54 of the  
12 Agreement for the European Economic Area (EEA Agreement). **We**  
13 **understand that the investigation concerns primarily the sale**  
14 **and/or marketing of our baseband chipsets, including alleged**  
15 **conditions relating to the provision by us of rebates and/or other**  
16 **financial incentives.** If a violation is found, a broad range of  
17 remedies is potentially available to the Commission, including  
18 imposing a fine and/or injunctive relief prohibiting or restricting  
19 certain business practices. Given that this investigation is in its early  
20 stages, it is difficult to predict the outcome or what remedies, if any,  
21 may be imposed by the Commission. We continue to cooperate with  
22 the Commission as it conducts its investigation.

23 ...

24 *China National Development and Reform Commission (NDRC)*  
25 *Investigation:* In November 2013, the NDRC notified us that it had  
26 commenced an investigation of us relating to the Chinese Anti-  
27 Monopoly Law (AML). We understand that the investigation  
28 concerns primarily our licensing business and certain interactions  
between our licensing business and our chipset business, including  
how royalties are calculated in our patent licenses, the value  
exchanged for cross-licenses to patents of our licensees, **whether we**  
**will offer license agreements limited to patents essential to certain**  
**standards, whether royalties are sought for our expired patents,**  
**our policy of selling chipsets only to our patent licensees, the**  
**alleged refusal of us to grant patent licenses to chipset**  
**manufacturers,** and certain other terms and conditions in our patent  
license and chipset sale agreements. A broad range of remedies with

1 respect to business practices deemed to violate the AML is  
2 potentially available to the NDRC, including but not limited to  
3 issuing an order to cease conduct deemed illegal, confiscating gains  
4 deemed illegally obtained, imposing a fine in the range of 1% to 10%  
5 of the prior year's revenues and requiring modifications to business  
6 practices. Given the limited precedent of enforcement actions and  
7 penalties under the AML, it is difficult to predict the outcome of this  
8 matter or what remedies may be imposed by the NDRC. We continue  
9 to cooperate with the NDRC as it conducts its investigation.

10 ...

11 *Federal Trade Commission (FTC) Investigation:* On September 17,  
12 2014, the FTC notified us that it is conducting an investigation of us  
13 relating to Section 5 of the Federal Trade Commission Act. **We**  
14 **understand that the investigation concerns primarily our**  
15 **licensing business, including potential breach of FRAND**  
16 **commitments.** If a violation of Section 5 is found, a broad range of  
17 remedies is potentially available to the FTC, including imposing a  
18 fine or requiring modifications to our licensing practices. Given that  
19 this investigation is in its early stages, it is difficult to predict the  
20 outcome of this matter or what remedies, if any, may be imposed by  
21 the FTC. We continue to cooperate with the FTC as it conducts its  
22 investigation.

23 (Emphasis added.)

24 46. On this news, Qualcomm shares fell \$6.62, or 8.57%, to close at \$70.58 on  
25 November 6, 2014.

26 47. The 2014 10-K contained signed certifications pursuant to SOX by  
27 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
28 2014 10-K was accurate and disclosed any material changes to the Company's internal  
controls over financial reporting.

48. On January 28, 2015, Qualcomm filed a quarterly report on Form 10-Q with  
the SEC, announcing the Company's financial and operating results for the quarter ended

1 December 28, 2014 (the “Q1 2015 10-Q”). For the quarter, Qualcomm reported net  
2 income of \$1.97 billion, or \$1.17 per diluted share, on revenue of \$7.09 billion,  
3 compared to net income of \$1.87 billion, or \$1.09 per diluted share, on revenue of \$6.62  
4 billion for the same period in the prior year.  
5

6 49. The Q1 2015 10-Q contained signed certifications pursuant to SOX by  
7 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
8 Q1 2015 10-Q was accurate and disclosed any material changes to the Company’s  
9 internal control over financial reporting.  
10

11  
12 50. On February 9, 2015, Qualcomm disclosed that the Company agreed to pay  
13 a \$975 million fine as part of a settlement with China’s National Development and  
14 Reform Commission and agreed to include several changes to the Company’s practices  
15 in licensing patents for mobile phones sold in China. Chinese antitrust authorities started  
16 investigating the Company in November 2013 and found that Qualcomm violated the  
17 country’s antimonopoly laws.  
18

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20 51. On April 22, 2015, Qualcomm filed a quarterly report on Form 10-Q with  
21 the SEC, announcing the Company’s financial and operating results for the quarter ended  
22 March 29, 2015 (the “Q2 2015 10-Q”). For the quarter, Qualcomm reported net income  
23 of \$1.05 billion, or \$0.63 per diluted share, on revenue of \$6.89 billion, compared to net  
24 income of \$1.95 billion, or \$1.14 per diluted share, on revenue of \$6.36 billion for the  
25 same period in the prior year.  
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1 52. In the Q2 2015 10-Q, Qualcomm stated, in part:

2 On February 9, 2015, we announced that we had reached a resolution  
3 with the China National Development and Reform Commission  
4 (NDRC) regarding its investigation of us relating to China's Anti-  
5 **Monopoly Law (AML). The NDRC issued an Administrative  
6 Sanction Decision finding that we had violated the AML, and we  
7 agreed to implement a rectification plan that modifies certain of  
8 our business practices in China.** In addition, **the NDRC imposed a  
9 fine on us of 6.088 billion Chinese Yuan Renminbi  
10 (approximately \$975 million),** which was recorded in other  
11 expenses and was paid, primarily with cash held by foreign entities,  
12 in the second quarter of fiscal 2015.

13 (Emphases added.)

14 53. The Q2 2015 10-Q contained signed certifications pursuant to SOX by  
15 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
16 Q2 2015 10-Q was accurate and disclosed any material changes to the Company's  
17 internal control over financial reporting.

18 54. On July 16, 2015, the European Commission ("EU") issued a press release  
19 announcing the commencement of two antitrust investigations into "into abusive  
20 behavior by Qualcomm" and whether the Company breached EU antitrust rules by  
21 engaging in "predatory pricing" to force competitors out of the market.

22 55. On July 22, 2015, Qualcomm filed a quarterly report on Form 10-Q with the  
23 SEC, announcing the Company's financial and operating results for the quarter ended  
24 June 28, 2015 (the "Q3 2015 10-Q"). For the quarter, Qualcomm reported net income of  
25 \$1.18 billion, or \$0.73 per diluted share, on revenue of \$5.83 billion, compared to net  
26 \$1.18 billion, or \$0.73 per diluted share, on revenue of \$5.83 billion, compared to net  
27 \$1.18 billion, or \$0.73 per diluted share, on revenue of \$5.83 billion, compared to net  
28 \$1.18 billion, or \$0.73 per diluted share, on revenue of \$5.83 billion, compared to net

1 income of \$2.23 billion, or \$1.31 per diluted share, on revenue of \$6.8 billion for the  
2 same period in the prior year.

3 56. The Q3 2015 10-Q contained signed certifications pursuant to SOX by  
4 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
5 Q3 2015 10-Q was accurate and disclosed any material changes to the Company's  
6 internal control over financial reporting.  
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9 57. On November 4, 2015, Qualcomm filed an annual report on Form 10-K  
10 with the SEC, announcing the Company's financial and operating results for the quarter  
11 and fiscal year ended September 27, 2015 (the "2015 10-K"). For the quarter,  
12 Qualcomm reported net income of \$1.06 billion, or \$0.67 per diluted share, on revenue  
13 of \$5.45 billion, compared to net income of \$1.89 billion, or \$1.11 per diluted share, on  
14 revenue of \$6.69 billion for the same period in the prior year. For 2015, Qualcomm  
15 reported net income of \$5.27 billion, or \$3.22 per diluted share, on revenue of \$25.28  
16 billion, compared to net income of \$7.96 billion, or \$4.65 per diluted share, on revenue  
17 \$26.48 billion for 2014.  
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21 58. The 2015 10-K contained signed certifications pursuant to SOX by  
22 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
23 2015 10-K was accurate and disclosed any material changes to the Company's internal  
24 controls over financial reporting.  
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1           59. On December 8, 2015, *Bloomberg* reported that the EU sent Qualcomm  
2 “two statements of objections listing concerns over sales and pricing tactics that may  
3 have thwarted competitors in the market for mobile-phone chip technology.” According  
4 to the report, the EU issued its preliminary conclusions finding that the Company  
5 “illegally paid a customer for exclusively using Qualcomm chipsets and sold chipsets  
6 below cost” to force out a competitor out of the market. That same day, Taiwan’s Fair  
7 Trade Commission launched an investigation into whether the Qualcomm’s patent  
8 licensing arrangements violated the Taiwan Fair Trade Act.  
9  
10

11  
12           60. On this news, Qualcomm’s share price fell \$2.95, or 5.62%, to close at  
13 \$49.98 on December 8, 2015.  
14

15           61. On January 27, 2016, Qualcomm filed a quarterly report on Form 10-Q with  
16 the SEC, announcing the Company’s financial and operating results for the quarter ended  
17 December 27, 2015 (the “Q1 2016 10-Q”). For the quarter, Qualcomm reported net  
18 income of \$1.49 billion, or \$0.99 per diluted share, on revenue of \$5.77 billion,  
19 compared to net income of \$1.97 billion, or \$1.17 per diluted share, on revenue of \$7.09  
20 billion for the same period in the prior year.  
21  
22

23           62. The Q1 2016 10-Q contained signed certifications pursuant to SOX by  
24 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
25 Q1 2016 10-Q was accurate and disclosed any material changes to the Company’s  
26 internal control over financial reporting.  
27  
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1           63. On April 20, 2016, Qualcomm filed a quarterly report on Form 10-Q with  
2 the SEC, announcing the Company's financial and operating results for the quarter ended  
3 March 27, 2016 (the "Q2 2016 10-Q"). For the quarter, Qualcomm reported net income  
4 of \$1.16 billion, or \$0.78 per diluted share, on revenue of \$5.55 billion, compared to net  
5 income of \$1.05 billion, or \$0.63 per diluted share, on revenue of \$6.89 billion for the  
6 same period in the prior year.  
7

8  
9           64. The Q2 2016 10-Q contained signed certifications pursuant to SOX by  
10 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
11 Q2 2016 10-Q was accurate and disclosed any material changes to the Company's  
12 internal control over financial reporting.  
13

14  
15           65. On July 20, 2016, Qualcomm filed a quarterly report on Form 10-Q with the  
16 SEC, announcing the Company's financial and operating results for the quarter ended  
17 June 26, 2016 (the "Q3 2016 10-Q"). For the quarter, Qualcomm reported net income of  
18 \$1.44 billion, or \$0.97 per diluted share, on revenue of \$6.04 billion, compared to net  
19 income of \$1.18 billion, or \$0.73 per diluted share, on revenue of \$5.83 billion for the  
20 same period in the prior year.  
21

22  
23           66. The Q3 2016 10-Q contained signed certifications pursuant to SOX by  
24 Defendants Mollenkopf and Davis, stating that the financial information contained in the  
25 Q3 2016 10-Q was accurate and disclosed any material changes to the Company's  
26 internal control over financial reporting.  
27

1           67. On November 2, 2016, Qualcomm filed an annual report on Form 10-K  
2 with the SEC, announcing the Company’s financial and operating results for the quarter  
3 and fiscal year ended September 25, 2016 (the “2016 10-K”). For the quarter,  
4 Qualcomm reported net income of \$1.59 billion, or \$1.07 per diluted share, on revenue  
5 of \$6.18 billion, compared to net income of \$1.06 billion, or \$0.67 per diluted share, on  
6 revenue of \$5.45 billion for the same period in the prior year. For 2016, Qualcomm  
7 reported net income of \$ 5.70, or \$3.81 per diluted share, on revenue of \$23.55 billion,  
8 compared to net income of \$5.27 billion, or \$3.22 per diluted share, on revenue \$25.28  
9 billion for 2015.  
10  
11  
12

13           68. The 2016 10-K contained signed certifications pursuant to SOX by  
14 Mollenkopf and Davis, stating that the financial information contained in the 2016 10-K  
15 was accurate and disclosed any material changes to the Company’s internal control over  
16 financial reporting.  
17  
18

19           69. The statements referenced in ¶¶ 25-36, 38-44, 47-49, 51, 53, 55-58, and 61-  
20 68 above were materially false and/or misleading because they misrepresented and/or  
21 failed to disclose the following adverse facts pertaining to the Company’s business,  
22 operational and financial results, which were known to Defendants or recklessly  
23 disregarded by them. Specifically, Defendants made false and/or misleading statements  
24 and/or failed to disclose that: (i) Qualcomm engaged in anticompetitive conduct to  
25 maintain a monopoly for semiconductors used in mobile phones in violation of federal  
26  
27  
28

1 law; (ii) in turn, Qualcomm lacked effective internal controls over financial reporting;  
2 and (iii) as a result, Qualcomm’s public statements were materially false and misleading  
3 at all relevant times.  
4

5 70. On December 28, 2016, the South Korean Fair Trade Commission fined  
6 Qualcomm a record \$853 million for violating antitrust laws. After a three-year  
7 investigation, the Korean antitrust regulator found that Qualcomm breached antitrust law  
8 by limiting competing chip makers’ access to its patents. It also found that the Company  
9 forced mobile-phone manufacturers into unfair license agreements by refusing to supply  
10 critical phone chips to those that disagreed to abide by its terms.  
11  
12

13 71. On this news, Qualcomm’s share price fell \$1.50, or 2.23%, to close at  
14 \$65.75 on December 28, 2017.  
15

16 72. On January 17, 2017, the FTC commenced an enforcement action against  
17 Qualcomm following an investigation of the Company’s licensing practices. The  
18 agency’s complaint, filed in U.S. District Court for the Northern District of California,  
19 said that Qualcomm used its dominant position to maintain an illegal monopoly in the  
20 market.  
21  
22

23 73. On this news, Qualcomm’s share price fell \$2.69, or 4.02%, to close at  
24 \$64.19 on January 17, 2017.  
25

26 74. On January 20, 2017, *The Wall Street Journal* reported that tech-giant  
27 Apple Inc. was suing Qualcomm, alleging that the Company “leveraged its monopoly  
28

1 position as a manufacturer of baseband chips, a critical component used in cellphones, to  
2 seek ‘onerous, unreasonable and costly’ terms for patents, and that Qualcomm blocked  
3 Apple’s ability to choose another supplier for chipsets.” The article further stated that  
4 Apple is seeking \$1 billion in rebate payments that Qualcomm allegedly withheld as  
5 retribution for Apple’s involvement in an investigation conducted by South Korea’s  
6 antitrust regulator.  
7  
8

9 75. On this news, Qualcomm’s share price fell \$1.56, or 2.42%, to close at  
10 \$62.88 on January 20, 2017.  
11

12 76. As a result of Defendants’ wrongful acts and omissions, and the precipitous  
13 decline in the market value of the Company’s common shares, Plaintiff and other Class  
14 members have suffered significant losses and damages.  
15

### 16 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

17 77. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
18 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or  
19 otherwise acquired Qualcomm common shares traded on the NASDAQ during the Class  
20 Period (the “Class”); and were damaged upon the revelation of the alleged corrective  
21 disclosures. Excluded from the Class are Defendants herein, the officers and directors of  
22 the Company, at all relevant times, members of their immediate families and their legal  
23 representatives, heirs, successors or assigns and any entity in which Defendants have or  
24 had a controlling interest.  
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1           78. The members of the Class are so numerous that joinder of all members is  
2 impracticable. Throughout the Class Period, Qualcomm common shares were actively  
3 traded on the NASDAQ. While the exact number of Class members is unknown to  
4 Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff  
5 believes that there are hundreds or thousands of members in the proposed Class. Record  
6 owners and other members of the Class may be identified from records maintained by  
7 Qualcomm or its transfer agent and may be notified of the pendency of this action by  
8 mail, using the form of notice similar to that customarily used in securities class actions.  
9  
10

11  
12           79. Plaintiff's claims are typical of the claims of the members of the Class as all  
13 members of the Class are similarly affected by Defendants' wrongful conduct in  
14 violation of federal law that is complained of herein.  
15

16           80. Plaintiff will fairly and adequately protect the interests of the members of  
17 the Class and has retained counsel competent and experienced in class and securities  
18 litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.  
19

20           81. Common questions of law and fact exist as to all members of the Class and  
21 predominate over any questions solely affecting individual members of the Class.  
22

23 Among the questions of law and fact common to the Class are:

- 24           • whether the federal securities laws were violated by Defendants' acts  
25 as alleged herein;
- 26           • whether statements made by Defendants to the investing public  
27 during the Class Period misrepresented material facts about the  
28



1 financial condition, business, operations, and management of  
2 Qualcomm;

- 3 • whether Defendants caused Qualcomm to issue false and misleading  
4 financial statements during the Class Period;
- 5 • whether Defendants acted knowingly or recklessly in issuing false  
6 and misleading financial statements;
- 7 • whether the prices of Qualcomm securities during the Class Period  
8 were artificially inflated because of Defendants' conduct complained  
9 of herein; and
- 10 • whether the members of the Class have sustained damages and, if so,  
11 what is the proper measure of damages.

12 82. A class action is superior to all other available methods for the fair and  
13 efficient adjudication of this controversy since joinder of all members is impracticable.  
14 Furthermore, as the damages suffered by individual Class members may be relatively  
15 small, the expense and burden of individual litigation make it impossible for members of  
16 the Class to individually redress the wrongs done to them. There will be no difficulty in  
17 the management of this action as a class action.  
18

19  
20 83. Plaintiff will rely, in part, upon the presumption of reliance established by  
21 the fraud-on-the-market doctrine in that:  
22

- 23 • Defendants made public misrepresentations or failed to disclose  
24 material facts during the Class Period;
- 25 • the omissions and misrepresentations were material;
- 26 • Qualcomm common shares are traded in efficient markets;
- 27  
28

- 1 • the Company's shares were liquid and traded with moderate to heavy  
2 volume during the Class Period;
- 3 • the Company traded on the NASDAQ, and was covered by multiple  
4 analysts;
- 5 • the misrepresentations and omissions alleged would tend to induce a  
6 reasonable investor to misjudge the value of the Company's common  
7 shares; and
- 8 • Plaintiff and members of the Class purchased and/or sold Qualcomm  
9 common shares between the time the Defendants failed to disclose or  
10 misrepresented material facts and the time the true facts were  
11 disclosed, without knowledge of the omitted or misrepresented facts.

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

14 85. Alternatively, Plaintiff and the members of the Class are entitled to the  
15 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of*  
16 *the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants  
17 omitted material information in their Class Period statements in violation of a duty to  
18 disclose such information, as detailed above.

## 21 COUNT I

### 22 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5** 23 **Against All Defendants**

24 86. Plaintiff repeats and realleges each and every allegation contained above as  
25 if fully set forth herein.  
26  
27  
28

1 87. This Count is asserted against Qualcomm and the Individual Defendants  
2 and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-  
3 5 promulgated thereunder by the SEC.  
4

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

13 89. Qualcomm and the Individual Defendants violated §10(b) of the 1934 Act  
14 and Rule 10b-5 in that they:  
15

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

24 90. Qualcomm and the Individual Defendants acted with scienter in that they  
25 knew that the public documents and statements issued or disseminated in the name of  
26 Qualcomm were materially false and misleading; knew that such statements or  
27 documents would be issued or disseminated to the investing public; and knowingly and  
28

1 substantially participated, or acquiesced in the issuance or dissemination of such  
2 statements or documents as primary violations of the securities laws. These Defendants  
3 by virtue of their receipt of information reflecting the true facts of Qualcomm, their  
4 control over, and/or receipt and/or modification of Qualcomm allegedly materially  
5 misleading statements, and/or their associations with the Company which made them  
6 privy to confidential proprietary information concerning Qualcomm, participated in the  
7 fraudulent scheme alleged herein.  
8  
9

10 91. Individual Defendants, who are the senior officers and/or directors of the  
11 Company, had actual knowledge of the material omissions and/or the falsity of the  
12 material statements set forth above, and intended to deceive Plaintiff and the other  
13 members of the Class, or, in the alternative, acted with reckless disregard for the truth  
14 when they failed to ascertain and disclose the true facts in the statements made by them  
15 or other Qualcomm personnel to members of the investing public, including Plaintiff and  
16 the Class.  
17  
18  
19

20 92. As a result of the foregoing, the market price of Qualcomm common shares  
21 was artificially inflated during the Class Period. In ignorance of the falsity of  
22 Qualcomm's and the Individual Defendants' statements, Plaintiff and the other members  
23 of the Class relied on the statements described above and/or the integrity of the market  
24 price of Qualcomm common shares during the Class Period in purchasing Qualcomm  
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1 common shares at prices that were artificially inflated as a result of Qualcomm's and the  
2 Individual Defendants' false and misleading statements.

3 93. Had Plaintiff and the other members of the Class been aware that the market  
4 price of Qualcomm common shares had been artificially and falsely inflated by  
5 Qualcomm's and the Individual Defendants' misleading statements and by the material  
6 adverse information which Qualcomm's and the Individual Defendants did not disclose,  
7 they would not have purchased Qualcomm's common shares at the artificially inflated  
8 prices that they did, or at all.

9 94. As a result of the wrongful conduct alleged herein, Plaintiff and other  
10 members of the Class have suffered damages in an amount to be established at trial.

11 95. By reason of the foregoing, Qualcomm and the Individual Defendants have  
12 violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are  
13 liable to the plaintiff and the other members of the Class for substantial damages which  
14 they suffered in connection with their purchase of Qualcomm common shares during the  
15 Class Period.

16  
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21  
22 **COUNT II**

23 **Violation of Section 20(a) of The Exchange Act**  
24 **Against The Individual Defendants**

25 96. Plaintiff repeats and realleges each and every allegation contained in the  
26 foregoing paragraphs as if fully set forth herein.

1 97. During the Class Period, the Individual Defendants participated in the  
2 operation and management of Qualcomm, and conducted and participated, directly and  
3 indirectly, in the conduct of Qualcomm's business affairs. Because of their senior  
4 positions, they knew the adverse non-public information regarding the Company's  
5 inadequate internal safeguards in data security protocols.  
6

7  
8 98. As officers and/or directors of a publicly owned company, the Individual  
9 Defendants had a duty to disseminate accurate and truthful information with respect to  
10 Qualcomm's financial condition and results of operations, and to correct promptly any  
11 public statements issued by Qualcomm which had become materially false or  
12 misleading.  
13

14  
15 99. Because of their positions of control and authority as senior officers, the  
16 Individual Defendants were able to, and did, control the contents of the various reports,  
17 press releases and public filings which Qualcomm disseminated in the marketplace  
18 during the Class Period. Throughout the Class Period, the Individual Defendants  
19 exercised their power and authority to cause Qualcomm to engage in the wrongful acts  
20 complained of herein. The Individual Defendants therefore, were "controlling persons"  
21 of Qualcomm within the meaning of Section 20(a) of the Exchange Act. In this capacity,  
22 they participated in the unlawful conduct alleged which artificially inflated the market  
23 price of Qualcomm common shares.  
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1 100. 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  
3 Qualcomm.  
4

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  
9 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the  
10 Class representative;

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

14  
15 C. Awarding Plaintiff and the other members of the Class prejudgment and  
16 post- judgment interest, as well as their reasonable attorneys' fees, expert fees and other  
17 costs; and

18  
19 D. Awarding such other and further relief as this Court may deem just and  
20 proper.  
21

22 **DEMAND FOR TRIAL BY JURY**

23 Plaintiff hereby demands a trial by jury.

24 Dated: January 26, 2017

25 Respectfully submitted,

26 **POMERANTZ LLP**

27 By: /s/ Jennifer Pafiti  
28 Jennifer Pafiti (SBN 282790)

1 468 North Camden Drive  
2 Beverly Hills, CA 90210  
3 Telephone: (818) 532-6499  
4 E-mail: [jpafiti@pomlaw.com](mailto:jpafiti@pomlaw.com)

5 **POMERANTZ, LLP**

6 Jeremy A. Lieberman  
7 J. Alexander Hood II  
8 Hui M. Chang  
9 600 Third Avenue, 20th Floor  
10 New York, New York 10016  
11 Telephone: (212) 661-1100  
12 Facsimile:(212) 661-8665  
13 E-mail: [jalieberman@pomlaw.com](mailto:jalieberman@pomlaw.com)  
14 [ahood@pomlaw.com](mailto:ahood@pomlaw.com)  
15 [hchang@pomlaw.com](mailto:hchang@pomlaw.com)

16 **POMERANTZ LLP**

17 Patrick V. Dahlstrom  
18 Ten South La Salle Street, Suite 3505  
19 Chicago, Illinois 60603  
20 Telephone: (312) 377-1181  
21 Facsimile: (312) 377-1184  
22 E-mail: [pdahlstrom@pomlaw.com](mailto:pdahlstrom@pomlaw.com)

23 **GOLDBERG LAW PC**

24 Michael Goldberg  
25 Brian Schall  
26 1999 Avenue of the Stars  
27 Los Angeles, California 90067  
28 Suite 1100  
Telephone: 1-800-977-7401  
Fax: 1-800-536-0065  
Email: [michael@goldberglawpc.com](mailto:michael@goldberglawpc.com)  
[brian@goldberglawpc.com](mailto:brian@goldberglawpc.com)

*Attorneys for Plaintiff*