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13 UNITED STATES DISTRICT COURT  
14 NORTHERN DISTRICT OF CALIFORNIA

15 RYAN KELLY, Individually and on Behalf of )  
All Others Similarly Situated, )

16 Plaintiff, )

17 vs. )

18 ELECTRONIC ARTS, INC., ANDREW )  
19 WILSON, BLAKE JORGENSEN, PATRICK )  
20 SÖDERLUND, FRANK D. GIBEAU and )  
PETER ROBERT MOORE, )

21 Defendants. )

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

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1 Plaintiff, Ryan Kelly (“plaintiff”), individually and on behalf of all others similarly situated,  
2 by plaintiff’s undersigned attorneys, for plaintiff’s complaint against defendants, alleges the  
3 following based upon personal knowledge as to plaintiff and plaintiff’s own acts, and upon  
4 information and belief as to all other matters based on the investigation conducted by and through  
5 plaintiff’s attorneys, which included, among other things, a review of Securities and Exchange  
6 Commission (“SEC”) filings by Electronic Arts, Inc. (“Electronic Arts,” “EA” or the “Company”),  
7 as well as media and analyst reports about the Company and conference call transcripts. Plaintiff  
8 believes that substantial additional evidentiary support will exist for the allegations set forth herein  
9 after a reasonable opportunity for discovery.

#### 10 NATURE OF THE ACTION

11 1. This is a securities class action on behalf of all purchasers of the common stock of  
12 Electronic Arts between July 24, 2013 and December 4, 2013, inclusive (the “Class Period”),  
13 seeking to pursue remedies pursuant to §§10(b) and 20(a) of the Securities Exchange Act of 1934  
14 (the “Exchange Act”). Defendants include Electronic Arts and certain of its senior executives and/or  
15 directors.

16 2. Redwood City-based Electronic Arts develops, markets, publishes, and distributes  
17 video game software content and services that can be played by consumers on a variety of internet  
18 based electronic devices for video game consoles, personal computers, mobile phones, tablets and  
19 electronic readers.

20 3. During the Class Period, defendants issued materially false and misleading statements  
21 highlighting the purported strength of the Company’s rollout of version 4 of Electronic Arts’ all-  
22 important Battlefield video game series that had provided approximately 11% of its revenues in  
23 fiscal 2012. According to defendants, the Company then “*couldn’t be happier with the quality of*  
24 *the games [its] teams [were] producing or the early reception those games [were] getting from*  
25 *critics and consumers,*” specifically highlighting that the rollout of Battlefield 4, which had been  
26 announced earlier in July 2013, had already drawn “*spectacular praise.*” Defendants further  
27 promised that “*EA [was] in very good shape*” and that “*[t]he big bets [it had] made with*  
28 *blockbusters like . . . Battlefield 4 . . . [were] resonating with critics and consumers.*” Based on

1 the purported strength of the Battlefield 4 rollout then underway, defendants issued strong fiscal  
2 2014 financial guidance for the Company and actually increased that guidance on October 29, 2013.  
3 The price of Electronic Arts' stock steadily climbed on these statements, reaching a Class Period  
4 high of \$28.13 per share by August 23, 2013.

5 4. However, defendants' Class Period statements were materially false and misleading  
6 because they failed to disclose and misrepresented the following adverse facts which were known or  
7 recklessly disregarded by defendants:

8 (a) Battlefield 4 was riddled with bugs and multiple other problems, including  
9 downloadable content that allowed players access to more levels of the game, a myriad of  
10 connectivity issues, server limitations, lost data, repeated sudden crashes and the game incorrectly  
11 registering on-target shots, among other things;

12 (b) as a result, Electronic Arts would not achieve a successful holiday season  
13 2013 rollout of Battlefield 4;

14 (c) the performance of the Electronic Arts unit publishing Battlefield 4 was so  
15 deficient that all other projects that unit was involved in had to be put on hold to permit it to focus its  
16 efforts towards fixing Battlefield 4; and

17 (d) as a result, Electronic Arts was not on track to achieve the financial results it  
18 had told the market it was on track to achieve during the Class Period.

19 5. Meanwhile, with the price of the Company's stock artificially inflated based on  
20 defendants' false and misleading statements, certain of Electronic Arts' senior executives cashed in,  
21 ***selling more than \$13.2 million of stock at fraud-inflated prices.*** They also induced Electronic  
22 Arts' shareholders to approve, at the 2013 annual meeting of stockholders held July 31, 2013: (i) the  
23 retention of the entire Electronic Arts Board of Directors; (ii) increases to Electronic Arts' executive  
24 incentive compensation and stock option plans; and (iii) approval of the outsized executive  
25 compensation awarded to Electronic Arts' current and former executives for fiscal 2013 (ended  
26 March 31, 2013), which included millions of dollars of cash bonuses and stock awards gifted to its  
27 former Chief Executive Officer ("CEO"), despite his having been terminated in March 2013 due to  
28

1 the Company having repeatedly been forced to downgrade its financial guidance due to its declining  
2 financial performance.

3 6. Suddenly, on November 15, 2013, the day Sony released its new Play Station 4  
4 (“PS4”) console, it was disclosed that players of Electronic Arts’ games were being subjected to  
5 multiple glitches and significant crashes when attempting to play Electronic Arts’ titles on PS4.  
6 Electronic Arts acknowledged the glitches and bugs, stating on its support website that the current  
7 firmware version “results in instability issues while playing games on the system,” which “affects all  
8 games on the PS4, including EA titles, causing crashing/freezing and non-responsive connections  
9 between the player’s console and their TV screen.” Attempting to assuage users, however, that the  
10 problem did not lie with Electronic Arts, the support page added that *Sony* was “working to resolve  
11 the issue as quickly as they can.” Still, the price of Electronic Arts stock fell on these disclosures,  
12 declining more than 7% from its close of \$25.96 per share on November 14, 2013 to close at \$24.06  
13 per share on November 15, 2013, on unusually high trading volume of more than 11 million shares  
14 trading, or more than 3.5 times the average daily volume over the prior five trading days.

15 7. Then, on December 4, 2013 it was disclosed – again not directly by Electronic Arts  
16 but rather through discussions defendants had with video game bloggers – that due to bugs,  
17 connectivity issues, server limitations, and various other problems specifically plaguing Battlefield  
18 4, Electronic Arts had been forced to *indefinitely* halt the Battlefield 4 rollout and *other projects*  
19 from the game’s internal developer at Electronic Arts until the problems with Battlefield 4 could be  
20 fixed. The market was further shocked and again punished the stock, with the price of Electronic  
21 Arts stock declining from its close of \$22.34 on December 4, 2013 to close at \$21.01 on December  
22 5, 2013, on unusually high trading volume of more than 12 million shares trading, or more than 2.5  
23 times the average daily trading volume over the preceding five trading days.

24 8. As a result of defendants’ false statements, Electronic Arts stock traded at inflated  
25 levels during the Class Period, permitting Electronic Arts’ senior executives to cash in and to obtain  
26 shareholder approval of proposals that benefitted them to the detriment of its shareholders.  
27 However, after the above revelations seeped into the market, the Company’s shares were hammered  
28

1 by massive sales, sending them down *more than 28%* from their Class Period high *and erasing*  
2 *more than \$2.2 billion in market capitalization.*

### 3 **JURISDICTION AND VENUE**

4 9. The claims asserted herein arise under §§10(b) and 20(a) of the Exchange Act, 15  
5 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5, 17 C.F.R. §240.10b-5. Jurisdiction is conferred by §27  
6 of the Exchange Act, 15 U.S.C. §78aa.

7 10. Venue is proper in this district pursuant to §27 of the Exchange Act. Acts and  
8 transactions giving rise to the violations of law complained of occurred in this district.

### 9 **THE PARTIES**

10 11. Plaintiff Ryan Kelly purchased Electronic Arts common stock during the Class Period  
11 as described in the Certification attached hereto and incorporated herein by reference and suffered  
12 damages thereon.

13 12. Defendant Electronic Arts, headquartered in Redwood City, California, develops,  
14 markets, publishes and distributes game software content and services. During the Class Period,  
15 Electronic Arts had more than 309 million shares of common stock outstanding, which shares traded  
16 in an efficient market on the NASDAQ under the ticker symbol “EA.” Electronic Arts was followed  
17 by scores of stock analysts and stock rating agencies and was constantly in communication with the  
18 markets and investors in quarterly conference calls and frequent presentations to investor and analyst  
19 conferences. Electronic Arts also filed periodic public reports with the SEC, and regularly issued  
20 press releases to the financial press.

21 13. Defendant Andrew Wilson (“Wilson”) is, and was throughout the Class Period, an  
22 executive of Electronic Arts, assuming the position of its Chief Executive Officer (“CEO”) and a  
23 director of the Company effective September 15, 2013.

24 14. Defendant Blake J. Jorgensen (“Jorgensen”) is, and was throughout the Class Period,  
25 Electronic Arts’ Chief Financial Officer and an Executive Vice President.

26 15. Defendant Frank D. Gibeau (“Gibeau”) is, and was throughout the Class Period,  
27 President of the EA Labels.



1 for 31% of fiscal 2013 revenues; (c) mobile content, which accounted for 17% of the Company's  
2 fiscal 2013 revenues; and (d) full game downloads, which accounted for the remaining 16% of the  
3 Company's digital revenues in fiscal 2013.

4 23. The Company develops and publishes games under several labels and owns and  
5 operates numerous gaming studios, including DICE Los Angeles, which was founded as  
6 DreamWorks Interactive LLC in 1995 and acquired by Electronic Arts in 2000. DICE Los Angeles  
7 opened in May 2013, as an additional location to the Company's DICE Studios based in Stockholm.  
8 Sweden, and founded in 1992. DICE Los Angeles is building on the ongoing development in  
9 Stockholm on game titles such as Battlefield, one of the Company's most lucrative brands.

10 24. Battlefield is a series of first-person shooter video games that started out on Microsoft  
11 Windows and OS X with its debut video game, Battlefield 1942, which was released in 2002. The  
12 series is developed by the Company's Swedish DICE subsidiary and is published by DICE Los  
13 Angeles. The series features a greater focus on large maps, teamwork and vehicle warfare than  
14 traditional first-person shooters. The Battlefield series served more than 50 million players  
15 worldwide as of 2012, across 11 games and 12 expansion packs released since its inception in 2002.

16 25. Battlefield 1942, which was first released on September 10, 2002, used a Refractor  
17 gaming engine, and introduced the "Conquest" gameplay mode, in which players fought for "capture  
18 points" throughout the map. Two expansion packs were released, The Road to Rome and Secret  
19 Weapons of WWII. Later, Battlefield Vietnam, which was released in 2004, moved the setting to  
20 the Vietnam War, and was built on a modified Refractor engine with various gameplay  
21 improvements, such as firing personal weapons while seated in vehicles.

22 26. Battlefield 2, released in 2005, takes place in the modern day, during a fictional war  
23 between the United States, China, and the fictional Middle Eastern Coalition. An expansion pack,  
24 Special Forces, and two booster packs, Armored Fury and Euro Force, were also released. Later, a  
25 version of the game called Battlefield 2: Modern Combat was released for consoles, with an  
26 improved single player mode but more limited online play. Still later, Battlefield 2142 was released  
27 in 2006, which takes place during a global ice age in the 22nd century. Still later, Battlefield: Bad  
28 Company, was released in 2008. This new, modern day Battlefield game had modern day weapons,

1 as well as a variety of vehicles for land, air and sea. It had a realistic destruction system that allowed  
2 the player to break, destroy, or create new environments, based on a new next generation gaming  
3 engine named Frostbite. As part of the Battlefield 2 series, in 2009, Electronic Arts released two  
4 download-only games, Battlefield Heroes, a free-to-play Refractor 2 engine game, supported by  
5 advertising and micropayments and Battlefield 1943, a Frostbite engine game, released in July 2009,  
6 for Xbox 360 and PlayStation 3, which was scheduled for release in Q1 2010, for PCs, but was  
7 cancelled. Also in 2010, a direct sequel to Battlefield: Bad Company, Battlefield: Bad Company 2,  
8 was released. DICE also released an expansion for Bad Company 2, Battlefield: Bad Company 2:  
9 Vietnam.

10 27. Battlefield 3 was announced in 2009, its beta was released on September 29, 2011,  
11 and the final version was released on October 25, 2011. Electronic Arts reported a fiscal 2013 54%  
12 year-over-year increase in subscription and in-game advertising revenues, driven in large part they  
13 said by the launch of the “End Game” expansion pack for Battlefield 3.

#### 14 **THE DOOMED BATTLEFIELD 4 ROLLOUT**



24 28. When the new Battlefield 4 was announced in mid-2013, Electronic Arts emphasized  
25 the game’s enhanced visual capabilities purportedly being afforded by new videogame consoles  
26 being released by Microsoft and Sony. It also claimed to have beefed up online features, allowing  
27 more gamers to compete in more intricately created war zones.

28



1           29.     On July 17, 2012, the Company posted an advertisement on its homepage that  
2 announced that players who pre-ordered Medal of Honor: Warfighter, would receive exclusive  
3 access to a new Battlefield 4 Beta. Those who pre-ordered Battlefield 4 or had Premium (a  
4 purchasable set of drastically more in-game content) in Battlefield 3, would also gain access to the  
5 exclusive part of the Battlefield 4 beta. Access to the Battlefield 4 beta would start on October 1,  
6 2013 for exclusive access owners and then three days later for everyone else, and would end on  
7 October 15, 2013. The complete game was then scheduled for full release on October 29th.  
8 Meanwhile, knowing the Company stood to obtain millions of dollars in sales from pre-orders of  
9 Battlefield 4 that were then rolling in, Electronic Arts executives, designers and programmers  
10 feverishly attempted to fix a multitude of bugs and glitches they knew existed in the game.

11           30.     But defendants knew that an immediate Battlefield 4 rollout was imperative. First,  
12 revenue from sales of Battlefield 3 had comprised 11% of the Company's fiscal 2012 revenues, for  
13 the period ended March 31, 2012. While Battlefield 3 was a large driver of revenues during fiscal  
14 2013 (ended March 31, 2013), those revenues had fallen significantly to less than 10% of the  
15 Company's total revenues in fiscal 2013. Moreover, the only way Electronic Arts could access the  
16 sales revenues promised for the pre-orders, was to release Battlefield 4 – bugs and glitches  
17 notwithstanding.

18           31.     Defendants also wanted to release Battlefield 4 – ready or not – in order to compete  
19 with Activision's Call of Duty: Ghosts, in the 2013 holiday sales season. Call of Duty is another  
20 first-person and third-person shooter computer/video game franchise. Like Electronic Arts'  
21 Battlefield series, the Call of Duty series began on the PC, and later expanded to consoles and  
22 handhelds. Call of Duty: Ghosts is the tenth main installment in that series, and was released to  
23 much fanfare on November 5, 2013 and achieved record first day sales.

24           32.     Defendants also sought to maintain the appearance of having turned things around at  
25 Electronic Arts following former CEO John Riccitiello's resignation in order to further entrench  
26 themselves. To those ends, just prior to the start of the Class Period, defendants mailed shareholders  
27 a proxy for the Company's 2013 annual meeting of stockholders to be held on July 31, 2013.  
28 Among other things, shareholders would be asked at that meeting to:

- 1 • approve the retention of the entire Board of Directors then seated;
- 2 • approve amendments to the 2000 Equity Incentive Plan, including increasing the  
3 number of shares authorized under the Equity Plan by 18 million shares to more than  
4 138.865 million shares;
- 5 • approve an amendment to the 2000 Employee Stock Purchase Plan to increase the  
6 number of shares authorized under that plan by 7 million shares to a total of 25.3  
7 million shares; and
- 8 • provide an advisory vote on fiscal 2013 executive compensation, including a  
9 \$350,000 cash bonus and more than \$2.8 million in stock awards for defendant  
10 Jorgensen; a \$694,923 cash bonus and \$5.6 million in stock awards for defendant  
11 Gibeau; a \$510,288 cash bonus and \$466,125 in stock awards for defendant Wilson;  
12 and a \$1+ million cash bonus and more than \$14.5 million in stock awards for John  
13 Riccitiello, the Company's former CEO who had been terminated in March 2013.

**DEFENDANTS' MATERIALLY FALSE AND MISLEADING  
CLASS PERIOD STATEMENTS**

14 33. The Class Period commences on July 24, 2013. On the evening of July 23, 2013,  
15 after the close of trading, Electronic Arts released its 1Q 2014 results, for the quarter ended June 30,  
16 2013. Growth in sales of its Web-delivered titles led to a smaller-than-projected 1Q 2014 loss. The  
17 1Q 2014 loss, excluding certain items, totaled \$.40 a share, compared with the average analyst  
18 estimate of a \$.60 loss, according to data compiled by *Bloomberg*. Sales before changes in deferred  
19 revenue rose to \$495 million, topping the \$454 million projection by analysts. Net income rose 10%  
20 to \$222 million, or \$.71 a share, from \$201 million, or \$.63, in 1Q 2013.

21 34. The results highlighted Electronic Arts' transition from a maker of games sold mostly  
22 at retail stores to one that planned to generate the bulk of its revenue from digital downloads within  
23 the next five years. Online sales rose 17% to \$378 million, with digital titles contributing in a  
24 quarter when the Company had no major packaged-goods release. Defendant Jorgensen emphasized  
25 to *Bloomberg* that day that “[d]igital is hitting on all cylinders,” stating, “[t]he mobile business in  
26 particular just continues to see great growth year over year.”

27 35. As to 2Q 2014 guidance, Electronic Arts stated that profits, excluding certain items,  
28 would be approximately \$.12 a share, on sales of \$975 million before changes in deferred revenue.  
Electronic Arts also reaffirmed its fiscal 2014 guidance for profit of \$1.20 a share, excluding items,  
on \$4 billion in revenue.

1           36. Electronic Arts also emphasized in its press release how well Battlefield was  
2 purportedly selling and the Battlefield 4 rollout was purportedly progressing, stating, “[t]he  
3 Battlefield 3 Premium community continues to grow with over 4 million members to date,” and that  
4 “Battlefield 4 won a total of 21 awards at E3, including GameSpot’s Best of E3 award. . . .” The  
5 Company also discussed its multiyear agreement with Walt Disney Co. to create games based on  
6 “Star Wars” characters, after Disney said it would stop making them itself.

7           37. During the conference call defendants Jorgensen, Moore and Gibeau held with  
8 investors that evening, purporting to provide “an update on product quality,” particularly as to the  
9 development of Battlefield 4, defendant Moore stated, in pertinent part, as follows:

10           ***We couldn’t be happier with the quality of the games our teams are producing or***  
11           ***the early reception those games are getting from critics and consumers.*** As many  
12           of you who attend can attest, EA had a spectacular showing at E3. We received 220  
13           nominations, and brought home a record 116 awards, including Best of Show and a  
14           slew of top honors for Titanfall for Respawn. Meet the Speed Rivals won best racing  
15           game. And our NHL franchise, a perennial favorite with critics, won Best Sports  
16           Game. ***Two other games drew spectacular praise: Battlefield 4 coming this year***  
17           ***from our DICE Studio. . . .***

18           38. Chairman of the Board, Lawrence Probst rejoined, adding, in pertinent part, as  
19 follows:

20           ***In summary, EA is in very good shape.*** We are executing on a clear set of goals for  
21           leadership on mobile, PC, current -generation systems and next-generation consoles.  
22           ***The big bets we’ve made with blockbusters like . . . Battlefield 4 . . . are resonating***  
23           ***with critics and consumers.***

24           39. Later in the call, responding to an analyst’s question, defendant Moore again  
25 emphasized that pre-orders for Battlefield 4 were strong, stating, in pertinent part, that “***we are***  
26 ***actually seeing strong preorders for Battlefield 4 versus where we were on Battlefield 3 at this time***  
27 ***prior to launch.***”

28           40. The price of Electronic Arts stock spiked on this news, increasing approximately 7%  
from its close of \$23.83 on July 23, 2013 to close at \$25.41 on July 24th, on unusually high trading  
volume of more than 15.6 million shares trading, nearly five times the average daily volume over the  
preceding ten trading days.

          41. With the price of the Company’s stock soaring, certain of Electronic Arts’ senior  
executives cashed in, selling more than \$4.8 million of Electronic Arts stock as follows:

Defendant	Date	Number	Price	Proceeds
Defendant Wilson	7/25/13	20,000	\$24.64	\$492,800
	7/26/13	40,000	\$25.50	\$1,020,000
	7/30/13	15,000	\$26.27	\$394,050
Joel Linzner Ex. VP Business and Legal Affairs	7/30/13	10,000	\$26.15	\$784,500
	8/21/13	4,409	\$26.47	\$116,706
Gabrielle Toledano Ex. VP and Chief Talent Officer	7/30/13	20,000	\$25.99	\$519,800
Defendant Söderlund	8/12/13	40,000	\$26.80	\$1,072,000
Taneja Rajat Chief Technology Officer	8/19/13	<u>15,000</u>	\$26.98	<u>\$404,700</u>
		<b>164,409</b>		<b>\$4,804,556</b>

42. Meanwhile, on July 31, 2013, Electronic Arts held its 2013 annual meeting of shareholders with shareholders approving each of the propositions detailed above in ¶32, though the proposal for amendment of the 2000 Equity Incentive Plan passed on a far more marginal basis, with more than 74 million shares being voted against increasing the number of shares available under the plan.

43. On September 15, 2013, the Electronic Arts' Board of Directors appointed defendant Wilson, who had been an executive with the Company since 2000, to serve as CEO and as a director of the Company, effective September 17, 2013.

44. On October 29, 2013, after the close of trading, the Company issued a press release announcing its 2Q 2014 financial results for the period ended September 30, 2013, emphasizing in the title that "Q2 Non-GAAP Net Revenue and EPS Results Exceed Guidance" and that "Fiscal Year 2014 Non-GAAP EPS Guidance Raised to \$1.25 Per Share." The press release quoted defendant Wilson stating, that "EA's strong second quarter was driven by *great title launches, continued digital growth*, and financial discipline." The press release also quoted defendant Jorgensen stating "[w]e exceeded our revenue and EPS guidance in the second quarter through a combination of delivering on revenue, and managing our costs," adding: "[w]e are reaffirming our annual non-GAAP net revenue guidance of \$4 billion, *and raising our non-GAAP EPS guidance from \$1.20 to \$1.25 per share.*"

1           45.     During the conference call defendants Wilson, Jorgensen, Söderlund and Moore held  
2 later that evening with investors, defendant Wilson further emphasized the purported strong launch  
3 of Battlefield 4, then fully underway, stating in pertinent part, as follows:

4           Before I get into our results and a few other thoughts, let's take a moment to  
5 recognize the launch of Battlefield 4 in North America today, the culmination of  
6 efforts by the incredible teams at our DICE Studios.

7           Patrick Söderlund and his team have done *a spectacular job to deliver a game that*  
8 *not only represents the pinnacle of this console generation but one that is also a*  
9 *defining title for the nextgen consoles launching in November. We're also*  
10 *launching Battlefield 4 Premium across currentgen and nextgen consoles to*  
11 *extend and enhance the experience, making this the biggest Battlefield ever.*  
12 *Congratulations to the team. We are proud to add Battlefield 4 to the list of hit*  
13 *titles, including Madden NFL 25, FIFA 14 and others that were delivered to gamers*  
14 *this past quarter.*

15           46.     During his discussion of 2Q 2014 results, defendant Jorgensen also emphasized how  
16 well the Battlefield 4 launch was purportedly going and how much it promised to add to the  
17 Company's financial results in fiscal 2014, stating in pertinent part, as follows:

18           Q3 represents more than 40% of our total non-GAAP revenue, and 98% of our  
19 annual EPS. Similar to the World Series, where the remaining game or two will  
20 determine the season for Peter Moore's beloved Boston Red Sox, the next few  
21 months will determine the success of our fiscal year. *Our team is battle-tested and*  
22 *ready, and today we are sending our ace, Battlefield 4, to the mound.*

23           47.     Defendant Wilson went on to emphasize that "EA's biggest strengths [were its]  
24 people and [its] strategy," emphasizing that its "deeply talented developers and business leaders  
25 [were] the lifeblood of EA, enabling [it] to bring *powerful IP like . . . Battlefield . . .* to gamers  
26 around the globe," stating that, "[c]ombined with [its] strategy to take these titles across different  
27 platforms, geographies and ways to play, *EA ha[d] a foundation for decades of healthy growth.*"  
28 Defendant Wilson also emphasized that "[w]hen the nextgen consoles begin to ship next month, *EA*  
*[would] deliver an unprecedented lineup in the launch window,*" with "*Battlefield 4*" "*be[ing]*  
*available day one for both PlayStation 4 and Xbox One.*"

          48.     Addressing an analyst's specific question about the "launch of Battlefield," asking  
defendants to "comment on some of the initial feedback, and if the game ha[d] ended up in line with  
your own quality expectations," Executive Vice President of EA Games Label Patrick Söderlund  
responded, stating, in pertinent part, as follows:

1 I'll start, . . . on the Battlefield question first. It's very early and we launched the  
 2 game yesterday in North America. It's coming out in a couple days in Europe.  
 3 **Early fans were positive, the reviews are strong.** I think we have to reflect upon  
 4 what the DICE team in Sweden have built. It's a game that's we're launching on 5  
 5 platforms. It has features that have never been seen before in a game, like you can  
 6 connect via tablet and play the game in a meaningful way. There are other features,  
 like 64 players in 60 frames that console players will see for the first time. **And  
 overall, the reviews, as I said, have been positive.** We're seeing a 9.5 from  
 GameTrailers, we've seen a 9.5 from Machinima, we've seen a 9.0 from Joystiq and  
 on. Peter can probably comment more on market dynamics, **but from a product  
 perspective, we're very pleased with it.**

7 To that, defendant Moore added: "**we're seeing strong engagement online already for the PC**  
 8 **version of Battlefield 4.**"

9 49. The price of Electronic Arts stock further spiked on this news, increasing  
 10 approximately 8% from its close of \$24.13 per share on October 29, 2013 to close at \$26 per share  
 11 on October 30th, again on unusually high trading volume of almost 13 million shares trading, or  
 12 nearly three times the average daily volume over the preceding ten trading days.

13 50. With the price of the Company's stock soaring, certain of Electronic Arts' senior  
 14 executives again cashed in, selling more than \$8.4 million of Electronic Arts stock as follows:

Defendant	Date	Number	Price	Proceeds
Defendant Moore	10/31/13	50,000	\$26.49	\$1,324,500
Defendant Gibeau	10/31/13	219,874	\$25.90	\$5,694,736
Gabrielle Toledano	11/04/13	25,000	\$25.50	\$637,500
Ex. VP and Chief Talent Officer	11/12/13	30,000	\$26.49	\$794,700
		<b>324,874</b>		<b>\$8,451,436</b>

19 51. The statements referenced above in ¶¶33-39 and 45-48 were each materially false and  
 20 misleading when made because they failed to disclose and misrepresented the following adverse  
 21 facts known by defendants during the Class Period, that:

22 (a) Battlefield 4 was riddled with bugs and multiple other problems, including  
 23 downloadable content that allowed players access to more levels of the game, a myriad of  
 24 connectivity issues, server limitations, lost data, repeated sudden crashes and the game incorrectly  
 25 registering on-target shots, among other things;

26 (b) as a result, Electronic Arts would not achieve a successful holiday season  
 27 2013 rollout of Battlefield 4;

1 (c) DICE's performance publishing Battlefield 4 was so deficient that all other  
2 projects DICE was involved in had to be put on hold to permit DICE to focus its efforts towards  
3 fixing Battlefield 4; and

4 (d) as a result, Electronic Arts was not on track to achieve the financial results it  
5 had told the market it was on track to achieve during the Class Period.

#### 6 **THE TRUTH BEGINS TO BE REVEALED**

7 52. Suddenly, on November 15, 2013, the day Sony released its new PS4 console, it was  
8 disclosed that players of Electronic Arts' games were being subjected to multiple glitches and  
9 significant crashes when attempting to play Electronic Arts' titles on PS4. Electronic Arts  
10 acknowledged the glitches and bugs, stating on its support website that the current firmware version  
11 "results in instability issues while playing games on the system," which "affects all games on the  
12 PS4, including EA titles, causing crashing/freezing and non-responsive connections between the  
13 player's console and their TV screen." Attempting to assuage users, however, that the problem did  
14 not lie with Electronic Arts, the support page added that Sony was "working to resolve the issue as  
15 quickly as they can." The price of Electronic Arts stock fell swiftly on these disclosures, declining  
16 more than 7% from its close of \$25.96 per share on November 14, 2013 to close at \$24.06 per share  
17 on November 15, 2013, on unusually high trading volume of more than 11 million shares trading, or  
18 more than 3.5 times the average daily volume over the prior five trading days.

19 53. Then, on December 4, 2013, through an interview with online game blogger *IGN*  
20 *Entertainment* <<http://www.ign.com>>, Electronic Arts disclosed for the first time that Battlefield 4  
21 itself was plagued with problems and could not be fully released – and that until Battlefield 4 was  
22 fixed, DICE could not move forward with rolling out the other games it had promised to rollout.  
23 *IGN* posted a blog to that effect that same day, in a forum followed primarily by gamers, entitled  
24 "Battlefield 4 Problems Halt 'Future Projects' and Expansions – Map packs likely to be delayed."  
25 The *IGN* report disclosed, in pertinent part, as follows:

26 Developer DICE is "not moving onto future projects or expansions until we sort out  
27 all the issues with Battlefield 4," an EA representative told *IGN*. "We know we still  
28 have a ways to go with fixing the game – it is absolutely our #1 priority. The team at  
DICE is working non-stop to update the game."

1 We inquired with EA about how this affects the future of other DICE games, such as  
2 Star Wars Battlefront and Mirror's Edge. "We haven't announced a ship date for  
3 Battlefront but right now the team is focused on fixing Battlefield 4," an EA  
4 spokesperson said.

5 Earlier this week EA delayed a PlayStation 4 patch for Battlefield 4, which saw the  
6 release of its China Rising DLC. Users reported problems with the add-on in  
7 addition to the existing issues, such as server limitations and game ejections, on  
8 consoles.

9 China Rising was "already in the final stages of development by the time issues  
10 began with Battlefield 4," so EA "decided to fulfill our promise to deliver it this  
11 week."

12 Updates for all platforms are coming soon, but EA has not specified precisely when  
13 patches will resolve Battlefield 4's issues.

14 "***We know many of our players are frustrated, and we feel your pain,***" EA said.  
15 "We will not stop until this is right."

16 <http://www.ign.com/articles/2013/12/04/battlefield-4-problems-halt-future-projects>  
17 (last viewed Dec. 5, 2013)

18 54. Later that day, another online gaming blog, *gameinformer* <[www://gameinformer.com](http://www://gameinformer.com)> issued its own report, citing and linking to the *IGN* report as its source, further disclosing, in  
19 pertinent part, as follows:

20 We've been covering the ***ongoing troubles plaguing marquee Frostbite 3 title  
21 Battlefield 4. EA and DICE have encountered issues with stability across  
22 platforms, with even more emerging following yesterday's release of the China  
23 Rising map pack.***

24 Speaking with IGN, EA says that DICE is focused on Battlefield 4 right now. "***We  
25 know we still have a ways to go with fixing the game*** – it is absolutely our #1  
26 priority," a representative told the outlet. "The team at DICE is working non-stop to  
27 update the game." ***This means that future DLC and the development of Star Wars  
28 Battlefront 3 are on hold.***

EA also states that given the progress on China Rising, it decided to release it and  
"fulfill our promise" rather than hold it back. Currently, China Rising is exclusive to  
Battlefield Premium members. This membership costs \$50 above and beyond the  
\$60 game purchase price.

[http://www.gameinformer.com/b/news/archive/2013/12/04/ea-halts-dice-s-future-  
projects-pending-battlefield-4-repair.aspx](http://www.gameinformer.com/b/news/archive/2013/12/04/ea-halts-dice-s-future-projects-pending-battlefield-4-repair.aspx) (last view Dec. 5, 2013)

55. Still later that same evening, ***after the close of trading***, *Forbes* published a report  
bringing the issue to the attention of investors, including linking the earlier *gameinformer* report,  
entitled "EA Halts DICE Projects Pending 'Battlefield 4' Fixes." The *Forbes* report disclosed, in  
pertinent part, as follows:



1 *After weeks of connectivity issues, server limitations, and various other problems*  
2 *plaguing EA’s cross-gen shooter Battlefield 4, the publisher has decided to halt all*  
3 *future projects from developer DICE until fixes can be worked out.*

4 The developer is “not moving onto future projects or expansions until we sort out all  
5 the issues with Battlefield 4,” an EA representative told IGN. “We know we still  
6 have a ways to go with fixing the game – it is absolutely our #1 priority. The team at  
7 DICE is working non-stop to update the game.”

8 EA did not lay out a time-table for the fixes, however, but this does mean that future  
9 BF4 DLC and Star Wars Battlefront 3 are on hold.

10 56. The *Forbes* report further highlighted that investors had been kept in the dark about  
11 the problems plaguing the Battlefield 4 roll-out, stating, in pertinent part, as follows:

12 As GameInformer’s Mike Futter points out . . . :

13 *“I find it hard to believe that the issues facing Battlefield 4 were a surprise to EA*  
14 *and DICE. While I’m hopeful that Battlefield 4 will eventually be the \$60 promise*  
15 *EA sold, right now it isn’t. Given that the PC version has been out for over a month,*  
16 *and the issue-plagued PS4 iteration has been out for over two weeks, I’m not holding*  
17 *my breath for a fix any time soon.”*

18 *I find it hard to believe also, though I suspect that EA didn’t want to hand victory*  
19 *over to Activision and Call of Duty: Ghosts by delaying the game, possibly even*  
20 *beyond the holiday shopping season.*

21 57. As the *Forbes* report published December 5, 2013, entitled “Electronic Arts Tanks  
22 After Hitting Reset on Battlefield 4,” read, in pertinent part:

23 *The reaction from Wall Street was understandable, given not only extensive*  
24 *problems with one of EA’s signature games, but also the ripple effect it could have*  
25 *through their lineup. DICE, a Swedish subsidiary, is responsible for development*  
26 *of other big titles like Star Wars Battlefront and Mirror’s Edge — both of which*  
27 *are now put on indefinite hold.*

28 *“We know we still have a ways to go with fixing the game — it is absolutely our No.*  
1 *1 priority. The team at DICE is working non-stop to update the game,”* said an EA  
2 *spokesperson in a statement provided to Polygon. “We’re not moving onto future*  
3 *projects or expansions until we sort out all the issues with Battlefield 4. We know*  
4 *many of our players are frustrated, and we feel their pain.”*

5 *It will take time to fix the myriad of connectivity issues, server limitations, and*  
6 *other problems Battlefield 4 gamers have experienced. During that time DICE will*  
7 *not be working on any additional expansion packs, other downloadable content for*  
8 *the game (a significant revenue source), or the next versions of their other hit*  
9 *games. No launch date had previously been announced for either the next Star Wars*  
10 *Battlefront or Mirror’s Edge titles.*

11 *Before Thursday’s fall, EA stock was up nearly 54% year to date.*



1 the FLS was false. In addition, the FLS were contradicted by existing, undisclosed material facts  
2 that were required to be disclosed so that the FLS would not be misleading. Finally most of the  
3 purported “Safe Harbor” warnings were themselves misleading because they warned of “risks” that  
4 had already materialized or failed to provide meaningful disclosures of the relevant risks.

#### 5 **ADDITIONAL SCIENTER ALLEGATIONS**

6 63. As alleged herein, defendants acted with scienter in that defendants knew that the  
7 public documents and statements issued or disseminated in the name of the Company were  
8 materially false and misleading; knew that such statements or documents would be issued or  
9 disseminated to the investing public; and knowingly and substantially participated or acquiesced in  
10 the issuance or dissemination of such statements or documents as primary violations of the federal  
11 securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of  
12 information reflecting the true facts regarding Electronic Arts, their control over, and/or receipt of  
13 modification of Electronic Arts’ allegedly materially misleading misstatements and/or their  
14 associations with the Company, which made them privy to confidential proprietary information  
15 concerning Electronic Arts, participated in the fraudulent scheme alleged herein.

#### 16 **APPLICABILITY OF PRESUMPTION OF RELIANCE: 17 **FRAUD-ON-THE-MARKET DOCTRINE****

18 64. At all relevant times, the market for Electronic Arts’ common stock was an efficient  
19 market for the following reasons, among others:

20 (a) Electronic Arts’ stock met the requirements for listing, and was listed and  
21 actively traded on the NASDAQ, a highly efficient and automated market;

22 (b) the Company had more than 309 million shares outstanding as of October 31,  
23 2013. During the Class Period, on average, more than 4.5 million shares of Electronic Arts stock  
24 were traded on a daily basis, demonstrating a very active and broad market for Electronic Arts stock  
25 and permitting a very strong presumption of an efficient market;

26 (c) Electronic Arts claimed that it was qualified to file the less comprehensive  
27 Form S-3 registration statement with the SEC that is reserved, by definition, to well-established and  
28 largely capitalized issuers for whom less scrutiny is required;

1 (d) as a regulated issuer, Electronic Arts filed periodic public reports with the  
2 SEC;

3 (e) Electronic Arts regularly communicated with public investors *via* established  
4 market communication mechanisms, including regular disseminations of press releases on the  
5 national circuits of major newswire services, the Internet and other wide-ranging public disclosures,  
6 such as communications with the financial press and other similar reporting services;

7 (f) Electronic Arts was followed by many securities analysts who wrote reports  
8 that were distributed to the sales force and certain customers of their respective firms during the  
9 Class Period. Each of these reports was publicly available and entered the public marketplace;

10 (g) numerous National Association of Securities Dealers (“NASD”) member  
11 firms were active market-makers in Electronic Arts stock at all times during the Class Period; and

12 (h) unexpected material news about Electronic Arts was rapidly reflected in and  
13 incorporated into the Company’s stock price during the Class Period.

14 65. As a result of the foregoing, the market for Electronic Arts common stock promptly  
15 digested current information regarding Electronic Arts from publicly available sources and reflected  
16 such information in Electronic Arts’ stock price. Under these circumstances, all purchasers of  
17 Electronic Arts common stock during the Class Period suffered similar injury through their purchase  
18 of Electronic Arts common stock at artificially inflated prices, and, therefore, a presumption of  
19 reliance applies.

## 20 **LOSS CAUSATION**

21 66. During the Class Period, as detailed herein, defendants made false and misleading  
22 statements, and omitted material information, concerning Electronic Arts’ business fundamentals  
23 and financial prospects and engaged in a scheme to deceive the market.

24 67. By artificially inflating and manipulating Electronic Arts’ stock price, defendants  
25 deceived plaintiff and the Class and caused them losses when the truth was revealed. Defendants’  
26 prior misrepresentations and fraudulent conduct became apparent to the market on the evening of  
27 December 4, 2013, causing Electronic Arts’ stock price to fall precipitously as the prior artificial  
28 inflation came out of the stock price. As a result of their purchases of Electronic Arts securities

1 during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*,  
2 damages, under the federal securities laws.

### 3 **CLASS ACTION ALLEGATIONS**

4 68. This is a class action on behalf of those who purchased or otherwise acquired  
5 Electronic Arts common stock between July 24, 2013 and December 4, 2013, inclusive, excluding  
6 defendants (the “Class”). Excluded from the Class are officers and directors of the Company as well  
7 as their families and the families of the defendants. Class members are so numerous that joinder of  
8 them is impracticable.

9 69. Common questions of law and fact predominate and include whether defendants: (a)  
10 violated the Exchange Act; (b) omitted and/or misrepresented material facts; (c) knew or recklessly  
11 disregarded that their statements were false; (d) artificially inflated the price of Electronic Arts  
12 common stock; and (e) the extent of and appropriate measure of damages.

13 70. Plaintiff’s claims are typical of those of the Class. Prosecution of individual actions  
14 would create a risk of inconsistent adjudications. Plaintiff will adequately protect the interests of the  
15 Class. A class action is superior to other available methods for the fair and efficient adjudication of  
16 this controversy.

### 17 **COUNT I**

#### 18 **For Violation of Section 10(b) of the Exchange Act** 19 **and Rule 10b-5 Against All Defendants**

20 71. Plaintiff repeats and realleges the above paragraphs as though fully set forth herein.

21 72. Throughout the Class Period, defendant Electronic Arts and the Individual  
22 Defendants, in pursuit of their scheme and continuous course of conduct to inflate the market price  
23 of Electronic Arts common stock, had the ultimate authority for making, and knowingly or  
24 recklessly made, materially false or misleading statements or failed to disclose material facts  
25 necessary to make the statements made, in light of the circumstances under which they were made,  
26 not misleading.

27 73. During the Class Period, defendants Electronic Arts and the Individual Defendants,  
28 and each of them, carried out a plan, scheme, and course of conduct using the instrumentalities of

1 interstate commerce and the mails, which was intended to and, throughout the Class Period did: (a)  
2 artificially inflate and maintain the market price of Electronic Arts common stock; (b) deceive the  
3 investing public, including plaintiff and other Class members, as alleged herein; (c) cause plaintiff  
4 and other members of the Class to purchase Electronic Arts common stock at inflated prices; and (d)  
5 cause them losses when the truth was revealed. In furtherance of this unlawful scheme, plan and  
6 course of conduct, defendant Electronic Arts and the Individual Defendants, and each of them, took  
7 the actions set forth herein, in violation of §10(b) of the Exchange Act and Rule 10b-5, 17 C.F.R.  
8 §240.10b-5. All defendants are sued either as primary participants in the wrongful and illegal  
9 conduct charged herein or as controlling persons as alleged below.

10           74. In addition to the duties of full disclosure imposed on defendants Electronic Arts and  
11 the Individual Defendants as a result of their affirmative false and misleading statements to the  
12 investing public, these defendants had a duty to promptly disseminate truthful information with  
13 respect to Electronic Arts' operations and performance that would be material to investors in  
14 compliance with the integrated disclosure provisions of the SEC, including with respect to the  
15 Company's revenue and earnings trends, so that the market price of the Company's securities would  
16 be based on truthful, complete and accurate information. SEC Regulations S-X (17 C.F.R. §210.01,  
17 *et seq.*) and S-K (17 C.F.R. §229.10, *et seq.*).

18           75. Defendant Electronic Arts and the Individual Defendants had actual knowledge of the  
19 misrepresentations and omissions of material facts set forth herein or acted with reckless disregard  
20 for the truth in that they failed to ascertain and disclose such facts, even though such facts were  
21 either known or readily available to them.

22           76. As a result of the dissemination of the materially false and misleading information  
23 and failure to disclose material facts as set forth above, the market price of Electronic Arts common  
24 stock was artificially inflated during the Class Period. In ignorance of the fact that the market price  
25 of Electronic Arts common stock was artificially inflated, and relying directly or indirectly on the  
26 false and misleading statements made knowingly or with deliberate recklessness by defendants  
27 Electronic Arts and the Individual Defendants, or upon the integrity of the market in which the  
28

1 shares traded, plaintiff and other members of the Class purchased Electronic Arts stock during the  
2 Class Period at artificially high prices and, when the truth was revealed, were damaged thereby.

3 77. Had plaintiff and the other members of the Class and the marketplace known of the  
4 true facts, which were knowingly or recklessly concealed by defendants Electronic Arts and the  
5 Individual Defendants, plaintiff and the other members of the Class would not have purchased or  
6 otherwise acquired their Electronic Arts shares during the Class Period, or if they had acquired such  
7 shares during the Class Period, they would not have done so at the artificially inflated prices which  
8 they paid.

9 78. By virtue of the foregoing, defendants Electronic Arts and the Individual Defendants  
10 have violated §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. 17 C.F.R.  
11 §240.10-5.

## 12 **COUNT II**

### 13 **For Violation of §20(a) of the Exchange Act** 14 **Against the Individual Defendants**

15 79. Plaintiff repeats and realleges the above paragraphs as though fully set forth herein.

16 80. Defendants Electronic Arts and the Individual Defendants had control over the  
17 Company and made the material false and misleading statements and omissions on behalf of  
18 Electronic Arts within the meaning of §20(a) of the Exchange Act as alleged herein. By virtue of  
19 their controlling shareholder status, executive positions, board membership, and stock ownership,  
20 and his culpable participation, as alleged above, the Individual Defendants had the power to  
21 influence and control and did, directly or indirectly, influence and control the decision making of the  
22 Company, including the content and dissemination of the various statements which plaintiff contends  
23 were false and misleading. The Individual Defendants were provided with or had unlimited access  
24 to the Company's internal reports, press releases, public filings, and other statements alleged by  
25 plaintiff to be misleading prior to or shortly after these statements were issued, and had the ability to  
26 prevent the issuance of the statements or cause them to be corrected.

27 81. In particular, the Individual Defendants had direct involvement in and responsibility  
28 over the day-to-day operations of the Company and, therefore, are presumed to have had the power

1 to control or influence the particular transactions giving rise to the securities violations as alleged  
2 herein.

3 82. By reason of such wrongful conduct, the Individual Defendants are liable pursuant to  
4 §20(a) of the Exchange Act. As a direct and proximate result of the Individual Defendants'  
5 wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with  
6 their purchases of the Company's common stock during the Class Period.

7 **PRAYER FOR RELIEF**

8 WHEREFORE, plaintiff, individually and the Class, prays for judgment as follows:

9 A. Determining that this action is a proper class action, designating plaintiff as Lead  
10 Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil  
11 Procedure and plaintiff's counsel as Lead Counsel;

12 B. Awarding compensatory damages in favor of plaintiff and the other Class members  
13 against all defendants, jointly and severally, for all damages sustained as a result of defendants'  
14 wrongdoing, in an amount to be proven at trial, including interest thereon;

15 C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this  
16 action, including counsel fees and expert fees; and

17 D. Awarding such other and further relief as the Court may deem just and proper.

18 **JURY DEMAND**

19 Plaintiff demands a trial by jury.

20 DATED: December 17, 2013

ROBBINS GELLER RUDMAN  
& DOWD LLP  
SHAWN A. WILLIAMS

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22  
23 */s/ Shawn A. Williams*  
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