

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Individually and
on Behalf of All Others Similarly
Situated,

Plaintiff,

v.

FORD MOTOR COMPANY, JAMES
D. FARLEY, JR., and JOHN T.
LAWLER,

Defendants.

Case No.:

CLASS ACTION

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

DEMAND FOR JURY TRIAL

Plaintiff (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Ford Motor Company (“Ford” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Ford; and (c) review of other publicly available information concerning Ford.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Ford securities between April 27, 2022 and July 24, 2024, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Ford is an automotive manufacturing company that develops, delivers, and services a range trucks, cars, and luxury vehicles worldwide.

3. On July 24, 2024, after the market closed, Ford announced second quarter 2024 financial results, revealing that the Company’s “[p]rofitability was affected by an increase in warranty reserves” and “higher warranty costs.” As a

result, the Company also revised its outlook for full year earnings for its electric vehicle segment to “reflect[] higher warranty costs than originally planned.” Analysts and journalists, including THE ASSOCIATED PRESS and THE WASHINGTON POST, reported that, in the second quarter, warranty and recall costs ***totaled \$2.3 billion***, \$800 million more than the first quarter and \$700 million more than a year prior.

4. On this news, the Company’s share price fell \$2.51, or 18.36%, to close at \$11.16 per share on July 25, 2024, on unusually heavy trading volume.

5. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company had deficiencies in its quality assurance of vehicle models since 2022; (2) that, as a result, the Company was experiencing higher warranty costs; (3) that the Company’s warranty reserves did not accurately reflect the quality issues in vehicles sold since 2022; (4) that, as a result, the Company’s profitability was reasonably likely to suffer; and (5) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

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

JURISDICTION AND VENUE

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

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principle executive offices are located in this District.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

11. Plaintiff as set forth in the accompanying certification, incorporated by reference herein, purchased Ford securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Defendant Ford is incorporated under the laws of Delaware with its principal executive offices located in Dearborn, Michigan. Ford's common stock trades on the New York Stock Exchange under the symbol "F."

13. Defendant James D. Farley, Jr. ("Farley") was the Company's Chief Executive Officer ("CEO") at all relevant times.

14. Defendant John T. Lawler ("Lawler") was the Company's Chief Financial Officer ("CFO") at all relevant times.

15. Defendants Farley, and Lawler (together, the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to

material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

16. Ford is an automotive manufacturing company that develops, delivers, and services a range trucks, cars, and luxury vehicles worldwide.

Materially False and Misleading

Statements Issued During the Class Period

17. The Class Period begins on April 27, 2022. On that day, Ford announced its first quarter 2022 financial results for the period ended March 31, 2022 in a press release which reported the Company’s first quarter revenue of \$34.5 billion and first quarter net loss of \$3.1 billion.¹

18. On April 28, 2022, the Company submitted its quarterly report for the period ended March 31, 2022 on a Form 10-Q filed with the SEC, which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of []

¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added, and all footnotes are omitted.

accruals for material field service actions and customer satisfaction actions” in a “*range of up to about \$700 million in the aggregate*,” and stated, in relevant part:

	First Quarter	
	2021	2022
Beginning balance	\$ 8,172	\$ 8,451
Payments made during the period	(1,086)	(984)
Changes in accrual related to warranties issued during the period	1,000	793
Changes in accrual related to pre-existing warranties	(141)	21
Foreign currency translation and other	(40)	38
Ending balance	<u>\$ 7,905</u>	<u>\$ 8,319</u>

19. On July 27, 2022, the Company announced its second quarter 2023 financial results in a press release for the period ended June 30, 2022, which reported the Company’s second quarter revenue of \$40.2 billion and second quarter net income of \$0.7 billion.

20. On July 28, 2022, the Company submitted its quarterly report for the period ended June 30, 2022 on a Form 10-Q filed with the SEC, which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in a “*range of up to about \$700 million in the aggregate*” and stated, in relevant part:

	First Half	
	2021	2022
Beginning balance	\$ 8,172	\$ 8,451
Payments made during the period	(2,169)	(2,006)
Changes in accrual related to warranties issued during the period	1,933	1,877
Changes in accrual related to pre-existing warranties	80	395
Foreign currency translation and other	(5)	(120)
Ending balance	<u>\$ 8,011</u>	<u>\$ 8,597</u>

21. On October 26, 2022, the Company announced its third quarter 2022 financial results in a press release for the period ended September 30, 2022, which reported the Company’s third quarter revenue of \$39.4 billion and third quarter net loss of \$0.8 billion.

22. On October 27, 2022, the Company submitted its quarterly report for the period ended September 30, 2022, on a Form 10-Q filed with the SEC, which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in a “*range of up to about \$700 million in the aggregate*” and stated, in relevant part:

	First Nine Months	
	2021	2022
Beginning balance	\$ 8,172	\$ 8,451
Payments made during the period	(3,109)	(3,063)
Changes in accrual related to warranties issued during the period	2,819	2,806
Changes in accrual related to pre-existing warranties	44	449
Foreign currency translation and other	(77)	(241)
Ending balance	<u>\$ 7,849</u>	<u>\$ 8,402</u>

23. On February 2, 2023, the Company announced its fourth quarter 2022 financial results in a press release for the period ended December 31, 2022, which reported the Company’s fourth quarter revenue of \$44 billion, fourth quarter net income of \$1.3 billion, as well as the Company’s full year revenue of \$158.1 billion and full year net loss of \$2 billion.

24. On February 3, 2023, the Company submitted its annual report for the period ended December 31, 2022, on a Form 10-K filed with the SEC, which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in a “*range of up to about \$700 million in the aggregate*” and stated, in relevant part:

	2021	2022
Beginning balance	\$ 8,172	\$ 8,451
Payments made during the period	(3,952)	(4,166)
Changes in accrual related to warranties issued during the period	4,102	4,028
Changes in accrual related to pre-existing warranties	221	1,134
Foreign currency translation and other	(92)	(254)
Ending balance	<u>\$ 8,451</u>	<u>\$ 9,193</u>

25. On May 2, 2023, the Company announced its first quarter 2023 financial results in a press release for the period ended March 31, 2023, which reported the Company’s first quarter revenue of \$41.5 billion and first quarter net income of \$1.8 billion.

26. On May 3, 2023, the Company submitted its quarterly report for the period ended March 31, 2023, on a Form 10-Q filed with the SEC, which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in a “*range of up to about \$700 million in the aggregate*” and stated, in relevant part:

	First Quarter	
	2022	2023
Beginning balance	\$ 8,451	\$ 9,193
Payments made during the period	(984)	(990)
Changes in accrual related to warranties issued during the period	793	972
Changes in accrual related to pre-existing warranties	21	226
Foreign currency translation and other	38	(117)
Ending balance	<u>\$ 8,319</u>	<u>\$ 9,284</u>

27. On July 27, 2023, the Company announced its second quarter 2023 financial results in a press release for the period ended June 30, 2023, which reported the Company’s second quarter revenue of \$45 billion and second quarter net income of \$1.9 billion.

28. On July 28, 2023, the Company submitted its quarterly report for the period ended June 30, 2023, on a Form 10-Q filed with the SEC, which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in a **“range of up to about \$1 billion in the aggregate”** and stated, in relevant part:

	First Half	
	2022	2023
Beginning balance	\$ 8,451	\$ 9,193
Payments made during the period	(2,006)	(2,011)
Changes in accrual related to warranties issued during the period	1,877	2,146
Changes in accrual related to pre-existing warranties	395	882
Foreign currency translation and other	(120)	(314)
Ending balance	<u>\$ 8,597</u>	<u>\$ 9,896</u>

29. On October 26, 2023, the Company announced its third quarter 2023 financial results in a press release for the period ended September 30, 2023, which

reported the Company's third quarter revenue of \$43.8 billion and third quarter net income of \$1.2 billion, and touted that the Company was "***Changing How it Works to Improve Quality, Costs***" stating in relevant part:

Ford's third-quarter 2023 results illustrated how ***the company is beginning to fulfill the growth potential*** of the customer-focused Ford+ plan – and underscored the vital role of ***higher quality*** and lower costs in driving profitability.

"I'm very optimistic about the reality we're creating with Ford+," said President and CEO Jim Farley. "We're building a more dynamic, highly talented and customer-focused company at the intersection of great vehicles, iconic brands, innovative software and high-value services.

"We're also radically changing how we work with a series of actions that put the right people with the right capabilities in the right places across the organization, so that our promise isn't masked by cost and quality issues."

* * *

To attack quality and cost issues, Ford last week completed a sequence of organizational changes in support of Ford+, creating an end-to-end global industrial system under Kumar Galhotra, who was named chief operating officer.

The system – comprising vehicle engineering and cycle planning, gas and hybrid programs, supply chain management, and manufacturing – is expected to be an effective and efficient operational engine for all three auto business segments: Ford Blue, Ford Model e and Ford Pro.

Farley said that Galhotra's organization together with Doug Field's EVs, Digital and Design team "will support the businesses and their customers with great technologies and products, while ***raising quality***, reducing costs and rooting out waste with a vengeance."

30. On October 26, 2023, the Company submitted its quarterly report for the period ended September 30, 2023, on a Form 10-Q filed with the SEC, which

affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in a “*range of up to about \$1.5 billion in the aggregate*” and stated, in relevant part:

	First Nine Months	
	2022	2023
Beginning balance	\$ 8,451	\$ 9,193
Payments made during the period	(3,063)	(3,481)
Changes in accrual related to warranties issued during the period	2,806	3,331
Changes in accrual related to pre-existing warranties	449	2,016
Foreign currency translation and other	(241)	(274)
Ending balance	\$ 8,402	\$ 10,785

31. On February 6, 2024, Ford announced its fourth quarter 2023 financial results in a press release which reported the Company’s fourth quarter revenue of \$46 billion, fourth quarter net loss of \$0.5 billion, as well as the Company’s full year revenue of \$176.2 billion and full year net income of \$4.3 billion, and provided an “Outlook for Healthy ‘24” which touted the Company’s “*quality that’s constantly getting better*” and provided a full year 2024 segment outlook, stating, in relevant part:

The *company’s total costs are expected to be flat year-over-year*, the net of factors including the \$2 billion in industrial cost improvements, offset by higher expenses for labor and major product- refresh actions.

At a segment level, *the outlook is for full-year 2024 EBIT of at least \$8 billion to \$9 billion from Ford Pro and about \$7 billion to \$7.5 billion from Ford Blue; an EBIT loss of \$5.0 billion to \$5.5 billion for Ford Model e*; and earnings before taxes of about \$1.5 billion from Ford Credit.

32. On February 7, 2024, the Company submitted its annual report for the fiscal year ended December 31, 2023, on a Form 10-K filed with the SEC which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in a “*range of up to about \$1.3 billion in the aggregate*” and stated, in relevant part:

	2022	2023
Beginning balance	\$ 8,451	\$ 9,193
Payments made during the period	(4,166)	(4,779)
Changes in accrual related to warranties issued during the period	4,028	4,743
Changes in accrual related to pre-existing warranties	1,134	2,648
Foreign currency translation and other	(254)	(301)
Ending balance	<u>\$ 9,193</u>	<u>\$ 11,504</u>

33. On April 24, 2024, the Company announced its first quarter 2024 financial results in a press release for the period ended March 31, 2024 which reported the Company’s first quarter revenue of \$42.8 billion and first quarter net income of \$1.3 billion.

34. On April 25, 2024, the Company submitted its quarterly report for the period ended March 31, 2024, on a Form 10-Q filed with the SEC which affirmed the previously reported financial results and reported increased warranty costs. Specifically, Ford provided an “estimate of reasonably possible costs in excess of [] accruals for material field service actions and customer satisfaction actions” in “a *range of up to about \$1.3 billion in the aggregate*” and stated, in relevant part:

	<u>First Quarter</u>	
	<u>2023</u>	<u>2024</u>
Beginning balance	\$ 9,193	\$ 11,504
Payments made during the period	(990)	(1,391)
Changes in accrual related to warranties issued during the period	972	1,091
Changes in accrual related to pre-existing warranties	226	397
Foreign currency translation and other	(117)	(61)
Ending balance	<u>\$ 9,284</u>	<u>\$ 11,540</u>

35. The above statements identified in ¶¶ 17-34 were materially false and/or misleading, and failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company had deficiencies in its quality assurance of vehicle models since 2022; (2) that, as a result, the Company was experiencing higher warranty costs; (3) that the Company’s warranty reserves did not accurately reflect the quality issues in vehicles sold since 2022; (4) that, as a result, the Company’s profitability was reasonably likely to suffer; and (5) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

36. On July 24, 2024, after the market closed, Ford announced second quarter 2024 financial results (the “2Q24 Press Release”). The 2Q24 Press Release revealed that the Company’s “[p]rofitability was affected by an increase in warranty reserves” and “higher warranty costs.” As a result, the Company also revised its outlook for full year earnings for its electric vehicle segment to “reflect[]

higher warranty costs than originally planned.” Analysts and journalists, including THE ASSOCIATED PRESS and THE WASHINGTON POST, reported that, *in the second quarter, warranty and recall costs totaled \$2.3 billion*, \$800 million more than the first quarter and \$700 million more than a year ago.

37. Specifically, the 2Q24 Press Release stated the following, in relevant part:

Company net income was \$1.8 billion and adjusted earnings before interest and taxes, or EBIT, was \$2.8 billion. *Profitability was affected by an increase in warranty reserves*, though efforts to lift the quality of new products are starting to pay off, with positive implications for customer satisfaction and Ford’s operating performance.

* * *

“We still have lots of work ahead of us to raise quality and reduce costs and complexity, but the team is committed and we’re heading in the right direction,” said Lawler.

* * *

Capital expenditures for the year are still anticipated to be between \$8.0 billion and \$9.0 billion, with an enterprise-wide objective for the lower end of the range.

Outlooks for full-year EBIT are up for Ford Pro, to \$9.0 billion to \$10.0 billion, on further growth and favorable product mix, and down for Ford Blue, to \$6.0 billion to \$6.5 billion, reflecting higher warranty costs than originally planned.

38. On this news, the Company’s share price fell \$2.51, or 18.36%, to close at \$11.16 per share on July 25, 2024, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

39. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Ford securities between April 27, 2022 and July 24, 2024, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

40. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Ford’s shares actively traded on the New York Stock Exchange. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Ford shares were traded publicly during the Class Period on the New York Stock Exchange. Record owners and other members of the Class may be identified from records maintained by Ford or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

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

42. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

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

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Ford; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

44. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it

impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

45. The market for Ford's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Ford's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Ford's securities relying upon the integrity of the market price of the Company's securities and market information relating to Ford, and have been damaged thereby.

46. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Ford's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Ford's business, operations, and prospects as alleged herein.

47. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the

Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Ford's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

48. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

49. During the Class Period, Plaintiff and the Class purchased Ford's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

50. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Ford, their control over, and/or receipt and/or modification of Ford's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Ford, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE

(FRAUD-ON-THE-MARKET DOCTRINE)

51. The market for Ford's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Ford's securities traded at artificially inflated prices during the Class Period. On August 16, 2022, the Company's share price closed at a Class Period high of \$15.41 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity

of the market price of Ford's securities and market information relating to Ford, and have been damaged thereby.

52. During the Class Period, the artificial inflation of Ford's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Ford's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Ford and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

53. At all relevant times, the market for Ford's securities was an efficient market for the following reasons, among others:

(a) Ford shares met the requirements for listing, and was listed and actively traded on the New York Stock Exchange, a highly efficient and automated market;

(b) As a regulated issuer, Ford filed periodic public reports with the SEC and/or the New York Stock Exchange;

(c) Ford regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Ford was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

54. As a result of the foregoing, the market for Ford's securities promptly digested current information regarding Ford from all publicly available sources and reflected such information in Ford's share price. Under these circumstances, all purchasers of Ford's securities during the Class Period suffered similar injury through their purchase of Ford's securities at artificially inflated prices and a presumption of reliance applies.

55. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on

Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

56. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of

those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Ford who knew that the statement was false when made.

FIRST CLAIM

Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder

Against All Defendants

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

58. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Ford's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

59. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers

of the Company's securities in an effort to maintain artificially high market prices for Ford's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

60. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Ford's financial well-being and prospects, as specified herein.

61. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Ford's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Ford and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

62. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

63. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Ford's financial well-being and prospects from the investing public and

supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

64. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Ford's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Ford's securities during the Class Period at artificially high prices and were damaged thereby.

65. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be

true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Ford was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Ford securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

66. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

67. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act

Against the Individual Defendants

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

69. Individual Defendants acted as controlling persons of Ford within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false

financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

70. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

71. As set forth above, Ford and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

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

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.