

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

on behalf of himself and all  
others similarly situated,

Plaintiff,

v.

SNOWFLAKE INC., FRANK SLOOTMAN,  
and MICHAEL P. SCARPELLI,

Defendants.

Case No.

CLASS ACTION

**CLASS ACTION COMPLAINT**

**DEMAND FOR JURY TRIAL**

1 Plaintiff (“Plaintiff”), by his attorneys, on behalf of himself and all others  
2 similarly situated, alleges the following based upon the investigation by Plaintiff’s counsel, except  
3 as to allegations specifically pertaining to Plaintiff, which are based on personal knowledge. The  
4 investigation by counsel included, among other things, a review of Snowflake Inc.’s (“Snowflake”  
5 or the “Company”) public filings with the United States Securities and Exchange Commission  
6 (“SEC”), press releases issued by the Company, public conference calls, media and news reports  
7 about the Company, and publicly available trading data relating to the price and volume of  
8 Snowflake securities.

9 **INTRODUCTION**

10 1. This action is a securities action brought under Sections 10(b) and 20(a) of the  
11 Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder by  
12 the SEC, brought by Plaintiff on behalf of a class of all persons and entities who purchased  
13 Snowflake Class A common stock during the period June 27, 2023 through the close of the market  
14 on February 28, 2024 (4:00 p.m. ET), inclusive (the “Class Period”).

15 2. Snowflake is a software company that provides cloud data storage that enables  
16 customers to consolidate data onto data-driven applications and share data for the purpose of  
17 running analytics and other processes.

18 3. The Company utilizes a consumption model, rather than the more traditional license  
19 model common in the software industry, whereby Snowflake sells its services and products in units  
20 called “credits”, which must be used, or “consumed” by customers over a contractually defined  
21 period of time. Snowflake recognizes revenue as credits are consumed.

22 4. During the Class Period, Defendants repeatedly made positive statements about the  
23 state of its business, including positive statements about customer usage of, and new developments  
24 for, its products. At the same time, Defendants (as defined herein) failed to disclose that: (1)  
25 product efficiency gains, Iceberg Tables and tiered storage pricing were expected to have a material  
26  
27  
28

1 negative impact on consumption and revenues<sup>1</sup>, and (2) as a result, Defendants' positive statements  
2 about consumption patterns, revenues, and demand for Snowflake products lacked a reasonable  
3 basis.

4 5. On February 28, 2024, Snowflake shocked investors when, after the market closed,  
5 the Company issued a press release and filed a report with the SEC on Form 8-K that disclosed its  
6 financial results for the quarter ended January 31, 2024 and full fiscal year 2024. On that same day,  
7 during a conference call with investors and analysts after the disclosure of Snowflake's financial  
8 results, Defendant Scarpelli stated that they were forecasting increased revenue headwinds  
9 associated with product efficiency gains, tiered storage pricing and the expectation that some of  
10 their customers will leverage Iceberg Tables for their storage.

11 6. On this news, the price of Snowflake's Class A common stock declined \$41.72, or  
12 18.14%, from a closing price of \$230.00 per share on February 28, 2024, to close at \$188.28 per  
13 share on February 29, 2024.

14 7. As a result of Defendants' wrongful acts and omissions, and the precipitous decline  
15 in the market value of the Company's Class A common stock, Plaintiff and other Class members  
16 have suffered significant losses and damages.

### 17 **JURISDICTION AND VENUE**

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

21 9. This Court has jurisdiction over the subject matter of this action pursuant to Section  
22 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

23 10. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15  
24 U.S.C. § 78aa) and 27 U.S.C. § 1391(b) and (c). At all relevant times, Snowflake conducted  
25 substantial business in this District and many of the acts and practices complained of herein  
26

---

27 <sup>1</sup> An Iceberg Table is an open-source table format for large datasets that allow customers to store  
28 data in their own cloud, rather than in Snowflake's, thereby reducing storage and consumption  
costs. Through tiered storage pricing, Snowflake offered discounted storage costs based on volume.

1 occurred in substantial part in this District. While in May 2021 Snowflake announced its transition  
2 to a company with “a globally distributed workforce and no corporate headquarters,” at all relevant  
3 times the Company continued to operate out of its former corporate headquarters located in this  
4 District. In addition, certain Defendants reside in this District.

5 11. In connection with the material misrepresentations of facts and omissions alleged in  
6 this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate  
7 commerce, including, but not limited to, the mails, interstate telephone communications, and the  
8 facilities of national securities exchanges.

9 **PARTIES**

10 12. Plaintiff purchased Snowflake common stock as detailed in the attached  
11 Certification and was damaged thereby.

12 13. Defendant Snowflake was founded in San Mateo, California, where it maintained  
13 its corporate headquarters until May 2021, when it announced its transition to a company with “a  
14 globally distributed workforce and no corporate headquarters.” Snowflake is incorporated in  
15 Delaware and its principal executive offices are located at Suite 3A, 106 East Babcock Street,  
16 Bozeman, MT 59715. The Company’s common stock is listed on the New York Stock Exchange  
17 (“NYSE”) under the ticker symbol “SNOW.”

18 14. Defendant Frank Sloatman (“Sloatman”) served as the Company’s Chief Executive  
19 Officer from April 26, 2019 until February 27, 2024. Sloatman also served as the Chairman of  
20 Snowflake’s Board of Directors from December 2019 until he resigned in February 2024.

21 15. Defendant Michael P. Scarpelli (“Scarpelli”) served as the Company’s Chief  
22 Financial Officer (“CFO”) from April 29, 2019 until February 25, 2025, when he announced his  
23 retirement.

24 16. Defendants Sloatman and Scarpelli are referred to herein as the “Individual  
25 Defendants.” The Individual Defendants, because of their positions with the Company, possessed  
26 the power and authority to control the contents of Snowflake’s reports to the SEC, press releases,  
27 and presentations to securities analysts, money portfolio managers and institutional investors, i.e.,  
28 the market. The Individual Defendants were provided with copies of the Company’s reports and

1 press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the  
2 ability and opportunity to prevent their issuance or cause them to be corrected. Because of their  
3 positions and access to material non-public information available to them, the Individual  
4 Defendants knew that the adverse facts specified herein had not been disclosed to, and were being  
5 concealed from, the public, and that the positive representations which were being made to  
6 investors regarding consumption and revenues were then materially false and/or misleading.

7 17. Snowflake and the Individual Defendants are referred to collectively as  
8 “Defendants”.

9 18. Each of the Individual Defendants was directly involved in the management and  
10 day-to-day operations of the Company at the highest levels and was privy to confidential  
11 proprietary information concerning the Company and its business, operations, services,  
12 competition, and present and future business prospects, as alleged herein. In addition, the Individual  
13 Defendants were involved in drafting, producing, reviewing, and/or disseminating the false and  
14 misleading statements and information alleged herein, were aware of, or recklessly disregarded, the  
15 false and misleading statements being issued regarding the Company, and approved or ratified these  
16 statements, in violation of the federal securities laws.

17 19. The Individual Defendants, because of their positions of control and authority as  
18 officers and/or directors of the Company, were able to, and did, control the content of the various  
19 SEC filings, press releases, and other public statements pertaining to the Company during the Class  
20 Period. Each Individual Defendant was provided with copies of the documents alleged herein to be  
21 misleading before or shortly after their issuance, participated in conference calls with investors  
22 during which false and misleading statements were made, and/or had the ability and/or opportunity  
23 to prevent their issuance or cause them to be corrected. Accordingly, each Individual Defendant is  
24 responsible for the accuracy of the public statements detailed herein and is, therefore, primarily  
25 liable for the representations contained therein.

1 **CLASS ACTION ALLEGATIONS**

2 20. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil  
3 Procedure 23(a) and 23(b)(3) on behalf of a class of all persons and entities who purchased  
4 Snowflake common stock during the Class Period.

5 21. The members of the Class are so numerous that joinder of all members is  
6 impracticable. While the exact number of Class members is unknown to Plaintiff at the present  
7 time and can only be ascertained through appropriate discovery, Plaintiff believes that there are  
8 thousands of members of the Class located throughout the United States. As of March 15, 2024,  
9 Snowflake had over 334 million shares of common stock outstanding, which were actively traded  
10 on the NYSE in an efficient market.

11 22. Plaintiff's claims are typical of the claims of the members of the Class. Plaintiff and  
12 all members of the Class have sustained damages because of Defendants' unlawful activities  
13 alleged herein. Plaintiff has retained counsel competent and experienced in class and securities  
14 litigation and intends to pursue this action vigorously. The interests of the Class will be fairly and  
15 adequately protected by Plaintiff. Plaintiff has no interests which are contrary to or in conflict with  
16 those of the Class that Plaintiff seeks to represent.

17 23. A class action is superior to all other available methods for the fair and efficient  
18 adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the  
19 management of this action that would preclude its maintenance as a class action.

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

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

25 (b) whether Defendants misstated and/or omitted to state material facts in their public  
26 statements and filings with the SEC;

27 (c) whether Defendants participated directly or indirectly in the course of conduct  
28 complained of herein; and

1 (d) whether the members of the Class have sustained damages and the proper measure  
2 of such damages.

3 **FALSE AND MISLEADING STATEMENTS**

4 25. The Class Period begins on June 27, 2023. On that date, the Company and key  
5 executives hosted an Investor Day presentation with investors and analysts. During the  
6 presentation, Defendant Scarpelli stated:

7 In terms of what we've commented on in the call was literally the month of April  
8 kind of starting about day 10 or whatever is pretty much flat week-over-week growth  
9 in revenue. ***But coming into May and into June, consumption is back where we'd expect it to be.*** So we look at it on a daily basis, week-over-week growth.

10 26. During the presentation, Defendant Scarpelli stated the following regarding Iceberg  
11 Tables and its potential to increase workloads on Snowflake's products:

12 all the work that we're doing in terms of workload enablement is aimed at that, that  
13 is full alignment with our business model, right? ***So that's why we're investing so many resources in not just being able to do data warehousing, but expanding through Iceberg OpenTable formats. It really opens up the data lake opportunity, transaction processing, global search, cybersecurity, all the different categories of workloads is incredibly important through this strategy succeeding.***

16 27. During the presentation, Defendant Scarpelli stated the following regarding the  
17 Company's long-standing target of \$10 billion in product revenue by 2029:

18 FY '29 targets. ***We still feel very confident that we will reach \$10 billion in revenue and product revenue in 2029.***

20 28. The statements referenced above were materially false and/or misleading because at  
21 the time Defendants made these representations, (1) product efficiency gains, Iceberg Tables and  
22 tiered storage pricing were expected to have a material negative impact on consumption and  
23 revenues, and (2) the headwinds caused by product efficiency gains, Iceberg Tables and tiered  
24 storage pricing put the Company's ability to reach \$10 billion in revenue and product revenue in  
25 2029 in doubt. As a result, Defendants' positive statements about consumption, revenues, and  
26 product developments lacked a reasonable basis.

1           29.     During the presentation, Defendant Sloodman stated the following regarding rumors  
2 of his impending resignation:

3           My most important thing today is to tell you that *I'm still here*. And I just stepped  
4 up on the podium, also stepping down. *So I just want to make sure you heard that*  
5 *loud and clear*. It's always amazing how these things seem to air on the first day of  
6 our conference when our Board member, Mark McLaughlin and myself and the  
7 company sort of [indiscernible] *denied the rumors*. That's the world we live in. I  
8 hope you had an opportunity to hear our session with Jensen last night, which I think  
9 was super cool.

10           30.     The statements in the preceding paragraph were materially false and/or misleading,  
11 and failed to disclose material adverse facts about the Company at the time they were made, because  
12 at the time Defendants made these representations, Sloodman's resignation was in fact impending.  
13 Indeed, Sloodman actually resigned just eight months after strenuously denying rumors about his  
14 resignation.

15           31.     On August 23, 2023, the Company issued a press release and filed a report with the  
16 SEC on Form 8-K that disclosed its financial results for the second fiscal quarter of 2024. On that  
17 same day, during a conference call with investors and analysts after the disclosure of Snowflake's  
18 financial results, Defendant Scarpelli stated the following regarding consumption:

19           I think it is easing a little bit at the top level in terms of approvals for customers and  
20 they're willing to commit. But it takes time to convert that to consumption. *With*  
21 *that said, consumption is good*. It was really good today as an example but it's only  
22 one data point. It's -- we want to see more days of that before we think the -- we're  
23 into a real recovery. *I think stabilization is the right term. We're not seeing*  
24 *customers reduce their consumption right now*.

25           32.     During the same conference call, in response to a question from an analyst regarding  
26 consumption and whether growth would start to reaccelerate, Defendant Scarpelli reassured  
27 investors regarding Snowflake's revenue growth rate and upcoming product developments:

28           [Analyst]: *And then lastly for Mike on consumption*, one follow-up. The implied  
Q4 product growth is, I think, 26% at the midpoint. I know there's a delta between  
signing growth and consumption. Exiting this year, do you think product growth  
stabilizes in the mid-20% range, maybe starts to reaccelerate next year? Or is it just  
too early to tell?

Defendant Scarpelli: Let us finish Q3, and then we'll guide to, and I'll see how  
next year is looking. *But I do anticipate -- there's a lot of new things coming out*  
*next year that we think are going to have a very positive impact on our*  
*consumption* from -- remember, we have Streamlit goes into GA, Unistore towards

1 the end of this year on our public preview. We have Containerized Services next  
2 year. ***There's a number of things that are happening that are all going to have a  
positive impact on our revenue growth rate next year.*** So stay tuned for that.

3 33. On November 29, 2023, the Company issued a press release and filed a report with  
4 the SEC on Form 8-K that disclosed its financial results for the third fiscal quarter of 2024. On that  
5 same day, during a conference call with investors and analysts after the disclosure of Snowflake's  
6 financial results, Defendant Scarpelli stated the following regarding consumption:

7 ***In Q3, we saw strong consumption from a broad base of customers.*** Our  
8 performance was evenly split between large and small accounts. ***Our largest  
customer stabilized as expected. Migrations drove growth in Q3.*** Our 2 fastest-  
9 growing customers who are both migrating workloads from a legacy vendor. One  
10 of these accounts is in their second year on the platform, the other in their eighth  
11 year on the platform. We added 4 customers with more than \$5 million and 2  
customers with more than \$10 million in trailing 12-month product revenue in the  
quarter.

12 34. The statements referenced above were materially false and/or misleading because at  
13 the time Defendants made these representations, (1) product efficiency gains, Iceberg Tables and  
14 tiered storage pricing were expected to have a material negative impact on consumption and  
15 revenues, and (2) the headwinds caused by product efficiency gains, Iceberg Tables and tiered  
16 storage pricing put the Company's ability to reach \$10 billion in revenue and product revenue in  
17 2029 in doubt. As a result, Defendants' positive statements about consumption, revenues, and  
18 product developments lacked a reasonable basis.

19 **THE TRUTH BEGINS TO EMERGE**

20 35. On February 28, 2024, after the market closed, Snowflake issued a press release and  
21 filed a report with the SEC on Form 8-K that disclosed its financial results for the fourth fiscal  
22 quarter and full year 2024, provided guidance, and conducted a conference call with investors and  
23 analysts. Defendants shocked investors by disclosing that consumption trends and anticipated  
24 revenue headwinds associated with product efficiency gains, Iceberg Tables and tiered storage  
25 pricing had impacted their guidance.

26 36. On the February 28, 2024 conference call with investors and analysts, Defendant  
27 Scarpelli revealed that "***[c]onsumption trends have improved since the ending of last year, but  
28 have not returned to pre-FY '24 patterns.*** We have evolved our forecasting process to be more

1 receptive to recent trends. For that reason, our guidance assumes similar customer behavior to fiscal  
2 2024. *We are forecasting increased revenue headwinds associated with product efficiency gains,*  
3 *tiered storage pricing and the expectation that some of our customers will leverage Iceberg*  
4 *Tables for their storage.”*

5 37. On that same day, in response to an analyst question trying to understand why  
6 Defendants were guiding consumption per customer to be slower than the previous year, Defendant  
7 Scarpelli explained that in addition to tiered storage pricing and Iceberg Tables, new performance  
8 enhancements, such as “the arm chip in the Azure” (the Microsoft Azure Cobalt 100 chip) were  
9 expected to have an impact:

10 **Analyst:** And then, Mike, if I just look at the guide on a per customer basis, it does  
11 look like consumption per customer could be slower this year than last year. What’s  
12 the delta there? Is the primary delta the assumption that tiered storage pricing and  
Iceberg will put more pressure on consumption growth? Is that the primary delta?  
Or is there something else I’m missing?

13 **Defendant Scarpelli:** No. There’s a lot of new performance enhancements being  
14 rolled out on our software this year that are going to have an impact. There’s also -  
15 - well, *I’ll tell you, but I really don’t want to because I know you’re going to ask*  
16 *a lot of questions. We’re also rolling out the arm chip in the Azure.* It’s not as big  
as AWS’ impact. That will impact that as well, too. *And clearly, we do expect*  
*customers will begin to adopt iceberg table format.*

17 38. On the same call, Scarpelli further stated that “[t]hese changes in our assumptions  
18 impact our long-term guidance” and provided full fiscal year 2025 product revenue guidance of  
19 approximately \$3.25 billion, representing 22% year-over-year growth.

20 39. As a result, Defendants also withdrew their long-standing \$10 billion 2029 product  
21 revenue target and lowered FY ’25 guidance to 22% year-over-year growth, drastically below the  
22 market’s expectation of 30%: “These changes in our assumptions impact our long-term guidance.  
23 Internally, *we continue to march towards \$10 billion in product revenue. Externally, we will not*  
24 *manage expectations to our previous targets until we have more data.* We are focused on  
25 executing in FY ‘24 to ensure long-term durable growth.”

26 40. On that same day, Defendant Scarpelli further described the expected headwinds  
27 and admitted that they had already begun to see the impacts as early as Q4 2024:  
28

1 It's about a 6.2%, 6.3% impact this year [from product efficiency gains]. And -- but  
2 coupled with that, too, in the revenue, *we rolled out in Q4 tiered storage pricing.*  
3 *So the amount of revenue associated with storage is coming down. But on top of*  
4 *that, we do expect a number of our large customers are going to adopt Iceberg*  
5 *formats and move their data out of Snowflake where we lose that storage revenue*  
6 *and also the compute revenue associated with moving that data into Snowflake.*  
7 We do expect, though, there'll be more workloads that will move to us, but until we  
8 see that incremental revenue on workloads, we're not going to forecast that. I will  
9 say, last year, we saw a 62% increase in the number of jobs running on Snowflake  
10 year-over-year with a corresponding 33% increase in revenue. And that's because  
11 we continue to show our customers that we become cheaper and cheaper to them  
12 every year. And when we do that, it opens up new workload opportunities for us,  
13 and we'll continue to do that.

14 41. Moreover, Scarpelli went on to explain their expectation that many of their large  
15 customers were going to adopt Iceberg Tables:

16 **Analyst:** I guess, first question, I just wanted to ask on your guide for the full year  
17 fiscal '25. *I think you assumed a number of large customers going to adopt*  
18 *Iceberg Table. So some expectation on data moving out of Snowflake losing some*  
19 *storage revenue and some compute revenue there.* Can you just double-click on  
20 that why some of the existing large customers are going to choose Iceberg Table  
21 rather than their original?

22 **Defendant Scarpelli:** *A lot of big customers want to have open file formats to give*  
23 *them the options. And by the way, this is not necessarily customers moving all of*  
24 *their storage out of Snowflake, but a lot of the growth in their storage will be put*  
25 *into Iceberg Tables is what we think is going to happen. So you're just not going*  
26 *to see the growth associated with the storage and many of those customers. As a*  
27 *reminder, about 10% to 11% of our overall revenue is associated with storage.*

28 42. Further, in response to an analyst question regarding “the potential headwinds from  
some of your larger customers adopting or moving data to Iceberg” and what they’ve “seen thus  
far as far as customers’ behavior” as well as the rollout of tiered storage, Scarpelli responded that  
“Iceberg is not GA yet . . . [but] [i]t is what we are expecting.” He further stated that “*I know the*  
*tiered -- the new tiered storage pricing that we're seeing that today.* And I'll let Christian add  
some to that as well, too.” Christian Kleinerman (“Kleinerman”), Snowflake’s SVP of Product,  
went on to explain that many of their large customers had in fact informed them of their plans to  
adopt Iceberg:

*Yes. I would add that for many of our large customers, we have been in touch on*  
*their plans for adoption on Iceberg. So some of what you see in our guidance has*  
*factored in those intentions.*

1           43.     On the earnings call, analysts continued to voice their surprise that, contrary to their  
2 Class Period statements touting stabilizing growth and product enhancements that would be a  
3 *tailwind* to product revenue, Defendants were now suddenly modeling sharp deceleration:

4           **Analyst:** Mike, *most other cloud consumption vendors are talking about*  
5 *stabilizing growth. You guys are still modeling pretty sharp deceleration over the*  
6 *next year. So this certainly sticks out and may bring about questions on maybe*  
7 *company-specific challenges. So first, are there any notable customer or workload*  
8 *losses that could be weighing on growth this year? And generally, how are you*  
9 *feeling about sales productivity and competitive win rates in the current*  
10 *environment?*

11           **Defendant Scarpelli:** Absolutely no big competitive losses or workloads moving  
12 up that I'm aware of. *This is all related to our model where a lot of the performance*  
13 *improvements that we have in our software go directly to the customer.* And that's  
14 why I was pointing out, you saw there was a 62% year-over-year growth in jobs on  
15 a daily basis run on Snowflake versus only a 33% revenue growth. And we know  
16 there's a lot of performance improvements coming into play this year, *coupled with*  
17 *Iceberg, coupled with tiered storage pricing that we rolled out. And I was able to*  
18 *roll out the tiered storage pricing because we were getting much better pricing out*  
19 *of the cloud vendors to us.*

20           44.     On February 28, 2024, after the market closed, Snowflake also issued a press release  
21 and filed a report with the SEC on Form 8-K that disclosed that effective February 27, 2024, Frank  
22 Slooman retired as Chief Executive Officer of Snowflake Inc.

23           45.     On February 29, 2024, the price of Snowflake's common stock declined \$41.72, or  
24 18.14%, from a closing price of \$230.00 per share on February 28, 2023 to close at \$188.28 per  
25 share on February 29, 2024.

26           46.     Additionally, during a presentation on March 5, 2024, in response to an analyst  
27 question regarding tiered storage pricing, Scarpelli admitted that Defendants had actually begun  
28 rolling out tiered storage pricing in Q3 '24 and that he was comfortable doing so *because he knew*  
*at that time that the same customers that would benefit from tiered storage pricing wanted to*  
*adopt Iceberg Tables:*

**Analyst:** . . . tiered storage is one that I struggle with a little bit more to understand  
the impact. I don't know where our customers are today in terms of what tier and  
where they could potentially go to.

**Defendant Scarpelli:** Yes. So historically, we have discounted a few of our very  
large customers in storage. We've renegotiated over the last few years our pricing  
with AWS, Google and Azure, such that we had a fair bit of margin in storage. That  
was never our intent to have rolled out what we call tiered storage pricing. It's only  
impacting our biggest customers. *You have to spend a minimum of \$1.2 million, I*

1 *think, a year to get there. So all of our big customers have this now.* And the more  
2 you commit, the bigger the discount on storage you can get. *And you're getting the*  
3 *full impact of that in Q1. It started a little bit in Q3 and more towards the end of*  
4 *Q4 when customers sign contracts. You're going to get the full benefit or impact*  
5 *of that this year, and that's factored in the guidance.*

6 **Analyst:** Got it. So it's kind of like a volume discounting methodology for the  
7 largest customer.

8 **Defendant Scarpelli:** Yes. *I didn't see that much downside in doing it because*  
9 *most of those big customers are ones over time that want to go to Iceberg tables*  
10 *anyway.*

11 47. Also during that presentation, Scarpelli acknowledged, as Kleinerman did on  
12 February 28, 2024, that *"I do think some of our larger customers, because they've told us they*  
13 *want to, will move to open-tile formats in Iceberg. That will take storage out of Snowflake."*

#### 14 LOSS CAUSATION/ECONOMIC LOSS

15 48. During the Class Period, as detailed herein, Defendants engaged in a scheme to  
16 deceive the market and a course of conduct that artificially inflated Snowflake's stock price and  
17 operated as a fraud or deceit on Class Period purchasers of Snowflake stock by misrepresenting  
18 Snowflake's financial condition, results of operations and business prospects. Defendants achieved  
19 this by making positive statements about the Company's business and demand for its products,  
20 while they knew, or at least recklessly disregarded, that the Company was experiencing material  
21 negative conditions that impaired its financial condition, results of operations and business  
22 prospects, and market price of its shares. Later, however, when Defendants' prior  
23 misrepresentations were disclosed and became apparent to the market, the price of Snowflake stock  
24 fell precipitously as the prior artificial inflation came out of Snowflake's stock price.

25 49. As a result of their purchases of Snowflake stock during the Class Period, Plaintiff  
26 and other members of the Class suffered economic loss, *i.e.*, damages under the federal securities  
27 laws.

28 50. As a direct result of the public revelations regarding the truth about the condition of  
Snowflake's business and the negative adverse factors that had been impacting Snowflake's  
business during the Class Period, the price of Snowflake's stock materially declined. This drop  
removed the inflation from Snowflake's stock price, causing real economic loss to investors who  
purchased the stock during the Class Period.



1 securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of  
2 information reflecting the true facts regarding Snowflake, their control over, and/or receipt and/or  
3 modification of Snowflake’s allegedly materially misleading misstatements, and/or their  
4 associations with the Company which made them privy to confidential proprietary information  
5 concerning Snowflake, including daily consumption and revenue, and the financial impacts of  
6 tiered storage pricing, Iceberg Tables, and product efficiency gains, participated in the fraudulent  
7 scheme alleged herein.

8 55. As alleged herein, Defendants admit that they “look at [consumption and revenue]  
9 on a daily basis”. ¶25. Further, tiered storage pricing, Iceberg Tables, and the Microsoft Azure  
10 Cobalt 100 chip, are product developments that Defendants initiated, began testing, and/or rolled  
11 out during the Class Period. ¶¶36-37, 40, 42-43. Additionally, Defendants admitted that many of  
12 their large customers had informed them of their plans to adopt Iceberg Tables. ¶¶42, 46-47.

13 56. Defendants knew or recklessly disregarded the falsity and misleading nature of the  
14 information which they caused to be disseminated to the investing public. The ongoing fraudulent  
15 scheme described in this complaint could not have been perpetrated over a substantial period of  
16 time, as has occurred, without the knowledge and complicity of the personnel at the highest level  
17 of the Company, including the Individual Defendants.

18 57. Defendants had the motive and opportunity to perpetrate the fraudulent scheme and  
19 course of business described herein because the Individual Defendants were the most senior officers  
20 of Snowflake, issued statements and press releases on behalf of Snowflake and had the opportunity  
21 to commit the fraud alleged herein. Defendants Sloodman and Scarpelli, along with other Company  
22 insiders, sold over \$400 million worth of Snowflake stock (of which Defendants Sloodman and  
23 Scarpelli sold over \$263 million and \$28 million, respectively) during the Class Period. These  
24 sales were suspicious in both timing and amount and occurred in the weeks and months before the  
25 corrective information alleged herein was revealed to the market.

26 **NO SAFE HARBOR**

27 58. The statutory safe harbor provided for forward-looking statements under certain  
28 circumstances does not apply to any of the allegedly false statements pleaded in this complaint.

1 Many of the specific statements pleaded herein were not identified as “forward-looking statements”  
2 when made. To the extent there were any forward-looking statements, there were no meaningful  
3 cautionary statements identifying important factors that could cause actual results to differ  
4 materially from those in the purportedly forward-looking statements.

5 59. Alternatively, to the extent that the statutory safe harbor does apply to any forward-  
6 looking statements pleaded herein, Defendants are liable for those false forward-looking statements  
7 because at the time each of those forward-looking statements was made, the particular speaker  
8 knew that the particular forward looking statement was false, or the forward-looking statement was  
9 authorized and/or approved by an executive officer of Snowflake who knew that those statements  
10 were false when made.

11 **FIRST CLAIM FOR RELIEF**  
12 **For Violation of Section 10(b) of the Exchange Act**  
13 **and Rule 10b-5 Against All Defendants**

14 60. Plaintiff incorporates the allegations set forth above as if fully set forth herein.

15 61. During the Class Period, Defendants disseminated or approved the false statements  
16 specified above, which they knew or recklessly disregarded were materially false and misleading  
17 in that they contained material misrepresentations and failed to disclose material facts necessary in  
18 order to make the statements made, in light of the circumstances under which they were made, not  
19 misleading.

20 62. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

21 (a) Employed devices, schemes and artifices to defraud;

22 (b) Made untrue statements of material facts or omitted to state material facts necessary  
23 in order to make statements made, in light of the circumstances under which they were made not  
24 misleading; or

25 (c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit  
26 upon Plaintiff and others similarly situated in connection with their purchases of Snowflake  
27 publicly traded common stock during the Class Period.

28 63. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of  
the market, they paid artificially inflated prices for Snowflake’s publicly traded common stock.

1 Plaintiff and the Class would not have purchased Snowflake common stock at the prices they paid,  
2 or at all, if they had been aware that the market prices had been artificially and falsely inflated by  
3 Defendants' misleading statements.

4 64. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff  
5 and the other members of the Class suffered damages in connection with their purchases of  
6 Snowflake common stock during the Class Period.

7 **SECOND CLAIM FOR RELIEF**  
8 **For Violation of Section 20(a) of the Exchange Act**  
9 **Against the Individual Defendants**

10 65. Plaintiff incorporates the allegations set forth above as if fully set forth herein.

11 66. The Individual Defendants acted as controlling persons of Snowflake within the  
12 meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level  
13 positions, and their ownership and contractual rights, participation in and/or awareness of the  
14 Company's operations and/or intimate knowledge of the statements filed by the Company with the  
15 SEC and disseminated to the investing public, the Individual Defendants had the power to influence  
16 and control, and did influence and control, directly or indirectly, the decision-making of the  
17 Company, including the content and dissemination of the various statements which Plaintiff  
18 contends are false and misleading. The Individual Defendants were provided with, or had unlimited  
19 access to, copies of the Company's reports, press releases, public filings and other statements  
20 alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued, and  
21 had the ability to prevent the issuance of the statements or cause the statements to be corrected.

22 67. In particular, the Individual Defendants had direct and supervisory involvement in  
23 the day-to-day operations of the Company and, therefore, are presumed to have had the power to  
24 control or influence the particular transactions giving rise to the securities violations as alleged  
25 herein, and exercised the same.

26 68. As set forth above, Snowflake and the Individual Defendants each violated Section  
27 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their  
28 positions each as a controlling person, the Individual Defendants are liable pursuant to Section  
20(a) of the Exchange Act. As a direct and proximate result of Snowflake's and the Individual

1 Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in  
2 connection with their purchases of the Company's common stock during the Class Period.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff prays for judgment as follows: declaring this action to be a proper  
5 class action; awarding damages, including interest; awarding reasonable costs, including attorneys'  
6 fees; and such equitable/injunctive relief as the Court may deem proper.

7 **JURY TRIAL DEMANDED**

8 Plaintiff demands a trial by jury.

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28