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8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA

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11 , Individually and on Behalf  
of All Others Similarly Situated,

12 Plaintiff,

13 v.

14 SOUNDHOUND AI, INC., KEYVAN  
15 MOHAJER, and NITESH SHARAN,

16 Defendants.  
17

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

18 Plaintiff (“Plaintiff”), individually and on behalf of all others similarly  
19 situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges  
20 the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and  
21 information and belief as to all other matters, based upon, *inter alia*, the investigation conducted  
22 by and through Plaintiff’s attorneys, which included, among other things, a review of the  
23 Defendants’ public documents, conference calls and announcements made by Defendants, United  
24 States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases  
25 published by and regarding SoundHound AI, Inc. (“SoundHound” or the “Company”), analysts’  
26 reports and advisories about the Company, and information readily obtainable on the Internet.  
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1 Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set  
2 forth herein after a reasonable opportunity for discovery.

3 **NATURE OF THE ACTION**

4 1. This is a federal securities class action on behalf of a class consisting of all persons  
5 and entities other than Defendants that purchased or otherwise acquired SoundHound securities  
6 between May 10, 2024 and March 3, 2025, both dates inclusive (the “Class Period”), seeking to  
7 recover damages caused by Defendants’ violations of the federal securities laws and to pursue  
8 remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange  
9 Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top  
10 officials.  
11

12 2. SoundHound provides an independent voice artificial intelligence (“AI”) platform  
13 that purportedly enables businesses across industries to deliver high-quality conversational  
14 experiences to their customers.  
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16 3. At all relevant times, the Company has identified material weaknesses in its  
17 internal control over financial reporting. Specifically, SoundHound has acknowledged that it has  
18 “lacked sufficient oversight of activities related to its internal control over financial reporting,”  
19 and that due to “rapid business growth,” “changes to existing controls or the implementation of  
20 new controls have not been sufficient to respond to changes to the risks of material misstatement  
21 to financial reporting, which [has] resulted in the Company not designing and maintaining  
22 effective controls related to substantially all accounts and disclosures,” including “effective  
23 controls to verify appropriate accounting for complex financing transactions.” However,  
24 SoundHound has consistently represented that it is “in the process of designing and implementing  
25 controls and taking other actions to remediate” the foregoing material weaknesses.  
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1           4.       In January 2024, SoundHound acquired all of the issued and outstanding equity of  
2 SYNQ3, a provider of voice AI and other technology solutions to the restaurant industry, for total  
3 purchase consideration of \$15.8 million (the “SYNQ3 Acquisition”). Then, in August 2024, the  
4 Company acquired Amelia Holdings, Inc. (“Amelia”), a privately-held conversational AI  
5 software company involved in the development and delivery of AI and automation solutions and  
6 related services, for a “[p]urchase price of \$80M in cash and equity, with partial payment and  
7 assumption of Amelia’s debt, as well as future earnout potential aligned to revenue milestone  
8 achievements” (the “Amelia Acquisition”). SoundHound has stated that these “strategic  
9 acquisitions” contributed to the Company’s “breakthrough year” in 2024, “expanding [its]  
10 leadership position in voice and conversational AI.”  
11

12           5.       Throughout the Class Period, Defendants made materially false and misleading  
13 statements regarding the Company’s business, operations, and prospects. Specifically,  
14 Defendants made false and/or misleading statements and/or failed to disclose that: (i) the material  
15 weaknesses in SoundHound’s internal controls over financial reporting impaired the Company’s  
16 ability to effectively account for corporate acquisitions; (ii) in addition, the Company overstated  
17 the extent to which it had remediated, and/or its ability to remediate, the material weaknesses in  
18 its internal controls over financial reporting; (iii) as a result of the foregoing material weaknesses,  
19 SoundHound’s reported goodwill following the Amelia Acquisition was inflated and would need  
20 to be corrected; (iv) further, SoundHound would likely require extra time and expense to  
21 effectively account for the SYNQ3 and Amelia Acquisitions; (v) the foregoing increased the risk  
22 that the Company would be unable to timely file certain financial reports with the SEC; and (vi)  
23 as a result, the Company’s public statements were materially false and misleading at all relevant  
24 times.  
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1           6.       On March 4, 2025, SoundHound disclosed in a filing with the SEC that it would  
2 be unable to timely file its Annual Report for 2024 (the “2024 10-K”). SoundHound stated that  
3 “[d]ue to the complexity of accounting for [the SYNQ3 and Amelia Acquisitions], the Company  
4 require[d] additional time to prepare financial statements and accompanying notes” and that it  
5 “ha[d] identified material weaknesses in its internal control over financial reporting.”  
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7           7.       On this news, SoundHound’s stock price fell \$0.61 per share, or 5.86%, to close  
8 at \$9.72 per share on March 4, 2025.

9           8.       Then, on March 11, 2025, SoundHound filed its 2024 10-K. In the 2024 10-K,  
10 SoundHound stated, in relevant part, that, as of December 31, 2024, “[t]he Company did not  
11 design and maintain effective controls related to the identification of and accounting for certain  
12 non-routine, unusual or complex transactions, including the accounting for complex financing  
13 transactions *and acquisitions*”—disclosing for the first time that the Company’s lack of effective  
14 controls was impairing its ability to account for corporate acquisitions.<sup>1</sup>  
15

16           9.       Further, in discussing the Amelia Acquisition, the 2024 10-K stated, in relevant  
17 part, that, during the year ended December 31, 2024, as a result of the foregoing material  
18 weaknesses related to the Company’s ability to account for corporate acquisitions, SoundHound  
19 “recorded adjustments to *correct certain errors* in the preliminary purchase price allocation that  
20 existed as of [August 6, 2024 (the “Amelia Acquisition Date”)],” which “*decreased the*  
21 *contingent earnout consideration by \$5.3 million, decreased the accounts payable by \$3.7*  
22 *million, decreased the accrued liabilities by \$1.2 million, increased deferred revenue by \$0.3*  
23 *million and increased the deferred tax liabilities by \$0.7 million*” and “[a]s a result of the  
24 adjusted [Amelia Acquisition Date] fair value of contingent earnout consideration recognized,  
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26

27 \_\_\_\_\_  
28 <sup>1</sup> All emphases included herein are added unless otherwise indicated.

1 assets acquired and liabilities assumed, *we recorded a decrease of \$9.3 million to the goodwill*  
2 *recognized.*”

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

7 **JURISDICTION AND VENUE**

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

11 12. This Court has jurisdiction over the subject matter of this action pursuant to 28  
12 U.S.C. § 1331 and Section 27 of the Exchange Act.

13 13. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15  
14 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). SoundHound is headquartered in this District,  
15 Defendants conduct business in this District, and a significant portion of Defendants’ activities  
16 took place within this District.  
17

18 14. In connection with the acts alleged in this complaint, Defendants, directly or  
19 indirectly, used the means and instrumentalities of interstate commerce, including, but not limited  
20 to, the mails, interstate telephone communications, and the facilities of the national securities  
21 markets.  
22

23 **PARTIES**

24 15. Plaintiff, as set forth in the attached Certification, acquired SoundHound securities  
25 at artificially inflated prices during the Class Period and was damaged upon the revelation of the  
26 alleged corrective disclosures.  
27  
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1           16. Defendant SoundHound is a Delaware corporation with principal executive offices  
2 located at 5400 Betsy Ross Drive, Santa Clara, CA 95054. SoundHound’s common stock trades  
3 in an efficient market on the Nasdaq Global Market (“NASDAQ”) under the ticker symbol  
4 “SOUN.”

5           17. Defendant Keyvan Mohajer (“Mohajer”) has served as SoundHound’s President,  
6 Chief Executive Officer, and Director at all relevant times.

7           18. Defendant Nitesh Sharan (“Sharan”) has served as SoundHound’s Chief Financial  
8 Officer at all relevant times.

9           19. Defendants Mohajer and Sharan are collectively referred to herein as the  
10 “Individual Defendants.”

11           20. The Individual Defendants possessed the power and authority to control the  
12 contents of SoundHound’s SEC filings, press releases, and other market communications. The  
13 Individual Defendants were provided with copies of SoundHound’s SEC filings and press releases  
14 alleged herein to be misleading prior to or shortly after their issuance and had the ability and  
15 opportunity to prevent their issuance or to cause them to be corrected. Because of their positions  
16 with SoundHound, and their access to material information available to them but not to the public,  
17 the Individual Defendants knew that the adverse facts specified herein had not been disclosed to  
18 and were being concealed from the public, and that the positive representations being made were  
19 then materially false and misleading. The Individual Defendants are liable for the false statements  
20 and omissions pleaded herein.  
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24           21. SoundHound and the Individual Defendants are collectively referred to herein as  
25 “Defendants.”  
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1 **SUBSTANTIVE ALLEGATIONS**

2 **Background**

3 22. SoundHound provides an independent voice AI platform that purportedly enables  
4 businesses across industries to deliver high-quality conversational experiences to their customers.

5 **Materially False and Misleading Statements Issued During the Class Period**

6  
7 23. The Class Period begins on May 10, 2024, the day after SoundHound hosted an  
8 earnings call with investors and analysts—post-market on May 9, 2024—to discuss the  
9 Company’s Q1 2024 results (the “Q1 2024 Earnings Call”). During the scripted portion of the  
10 Q1 2024 Earnings Call, Defendant Sharan stated, in relevant part, “[w]ith our recent acquisitions,  
11 SYNQ3, now fully in the mix, the benefits of integrating this pioneering restaurant tech  
12 organization with our years of voice AI innovations are clear. And the breadth of coverage we  
13 now have in the restaurant sector is so exciting and showing up in overflowing customer activity.”

14  
15 24. Also on May 10, 2024, SoundHound filed a Quarterly Report on Form 10-Q with  
16 the SEC, reporting the Company’s financial and operational results for the quarter ended March  
17 31, 2024 (the “Q1 2024 10-Q”). In providing an overview of the Company’s controls and  
18 procedures, the Q1 2024 10-Q acknowledged that SoundHound had previously identified material  
19 weaknesses in its internal control over financial reporting “related to the control environment as  
20 the Company lacked sufficient oversight of activities related to its internal control over financial  
21 reporting due to a lack of appropriate level of experience and training commensurate with its  
22 financial reporting requirements,” but discussed its purported efforts to remediate the foregoing  
23 weaknesses, stating, in relevant part:

24  
25 **Management’s Plan to Remediate the Material Weaknesses**

26 The following remediation actions are currently being implemented and are in  
27 progress:

- 1 • Engaged a third party to perform a risk assessment that includes the  
2 identification and walkthrough of key business processes and conducting  
3 design and operational control testing to address key risks.
- 4 • Completed a segregation of duties assessment identifying key conflicts and  
5 mitigating controls.
- 6 • Initiated the design and implementation of a Segregation of Duties  
7 automated tool for our Enterprise Resource Planning (ERP) system.  
8 Additionally, we have initiated the design and implementation of similar  
9 controls for the remaining financially relevant applications. Improvements  
10 have been implemented in tool utilization to strengthen the segregation of  
11 duties.
- 12 • Initiated the design and implementation of controls related to the review of  
13 Service Organization Control reports, which cover program change  
14 management and computer operations for many of the applications that we  
15 rely on for financial reporting.
- 16 • Developed policies and procedures for the quarterly user access review of  
17 all users with access to the financially relevant systems and then  
18 implemented the quarterly user access review for one design cycle.
- 19 • Initiated the design and implementation of the controls related to review and  
20 approval of complex financing transactions.
- 21 • Completed the implementation of an automated month and quarter-end  
22 accounting close workflow tool to facilitate the review and support of key  
23 financial close process controls.
- 24 • The Company plans to hire personnel with expertise in internal controls.

25 The foregoing statements regarding the Company’s remediation efforts overstated the extent to  
26 which it had remediated, and/or its ability to remediate, the material weaknesses in its internal  
27 controls over financial reporting.

28 25. Appended to the Q1 2024 10-Q as exhibits were signed certifications pursuant to  
the Sarbanes-Oxley Act of 2002 (“SOX”) by the Individual Defendants, attesting that the  
“[i]nformation contained in the [Q1 2024 10-Q] fairly presents, in all material respects, the  
financial condition and results of operations of the Company as of the dates and for the periods  
expressed in the [Q1 2024 10-Q].”

1           26.     On August 8, 2024, the Company issued a press release entitled “SoundHound AI  
2 Acquires Amelia, Significantly Expanding Its Scale and Reach In Conversational AI Across New  
3 Verticals and Hundreds of Enterprise Brands.” The press release stated, in relevant part:

4           SoundHound [. . .] today announced the acquisition of Amelia, a leading enterprise  
5 AI software company. The business combination positions SoundHound AI as the  
6 foremost provider of voice and conversational generative AI, with reach across  
7 multiple industries – including retail, financial services, healthcare, automotive,  
8 smart devices, restaurants, and more.

9           The companies will bring together decades of experience in conversational AI –  
10 and highly complementary product portfolios – to offer best-in-class, scalable  
11 customer service support to a vast spectrum of businesses. These include some of  
12 the very largest multinational enterprise brands, top 15 global banks, and Fortune  
13 500 organizations, with the combined company spanning nearly 200 marquee  
14 customers.

15           For SoundHound AI, the deal marks a significant and strategic expansion of its  
16 existing customer service pillar, adding breadth and depth to a division that has  
17 seen substantial growth amid the accelerated adoption of voice and conversational  
18 generative AI solutions. The acquisition positions the company at the center of this  
19 burgeoning space, as enterprise spending on generative AI is forecast to gather  
20 more momentum, reaching between \$175 billion and \$250 billion by 2027  
21 (McKinsey, June 2024). Customer service is identified as a key area for disruption.

22           27.     That same day, SoundHound issued a press release announcing the Company’s Q2  
23 2024 results. The press release stated, in relevant part:

24           “**This has been a milestone quarter, with strong customer momentum across all of**  
25 **our key industries – including several new global brands,”** said [Defendant]  
26 Mohajer[.] “**And today we announced a significant acquisition that will expand**  
27 **SoundHound’s reach across multiple new enterprise verticals.** We believe the  
28 demand for voice and conversational AI is increasing and are committed to  
strengthening our leadership position in this growing market.”

\*\*\*

We continued to realize strong growth in the second quarter while meaningfully  
improving our capital structure,” said [Defendant] Sharan[.] “This is allowing us  
to further accelerate our organic business *while capitalizing on high-impact M&A.*  
*Today’s acquisition of Amelia is a key step towards harnessing the huge growth*  
*potential in conversational AI and helps us scale even faster.”*



1           30.     On August 9, 2024, SoundHound filed a Quarterly Report on Form 10-Q with the  
2 SEC, reporting the Company’s financial and operational results for the quarter ended June 30,  
3 2024 (the “Q2 2024 10-Q”). The Q2 2024 10-Q contained a substantively similar description of  
4 the previously identified material weaknesses in SoundHound’s internal control over financial  
5 reporting and the Company’s purported remediation efforts as discussed, *supra*, in ¶ 24.  
6

7           31.     Appended to the Q2 2024 10-Q as exhibits were signed certifications pursuant to  
8 SOX by the Individual Defendants, attesting that the “[i]nformation contained in the [Q2 2024  
9 10-Q] fairly presents, in all material respects, the financial condition and results of operations of  
10 the Company as of the dates and for the periods expressed in the [Q2 2024 10-Q].”  
11

12           32.     On November 12, 2024, SoundHound hosted an earnings call with investors and  
13 analysts to discuss the Company’s Q3 2024 results (the “Q3 2024 Earnings Call”). During the  
14 scripted portion of the Q3 2024 Earnings Call, Defendant Mohajer stated, in relevant part:

15           Moving on to our AI agent customer service portfolio. I’m very pleased with the  
16 way we have grown this business over the course of this year, winning new logos  
17 organically, expanding with existing customers, growing our ecosystem of partners  
18 and *making smart acquisitions*. We have now expanded our enterprise customer  
19 brands deep into some major industries like financial services and healthcare among  
20 others. And we see opportunities in our pipeline for new verticals such as energy  
21 and going deeper into retail.

22           33.     Also on November 12, 2024, SoundHound filed a Quarterly Report on Form 10-  
23 Q with the SEC, reporting the Company’s financial and operational results for the quarter ended  
24 September 30, 2024 (the “Q3 2024 10-Q”). The Q3 2024 10-Q contained a substantively similar  
25 description of the previously identified material weaknesses in SoundHound’s internal control  
26 over financial reporting and the Company’s purported remediation efforts as discussed, *supra*, in  
27 ¶ 24. Further, in providing an overview of the Company’s consolidated balance sheets, the Q3  
28 2024 10-Q reported that SoundHound’s goodwill as of September 30, 2024—*i.e.*, directly  
following the Amelia Acquisition—was approximately ***\$111.7M***.

1           34. Appended to the Q3 2024 10-Q as exhibits were signed certifications pursuant to  
2 SOX by the Individual Defendants, attesting that the “[i]nformation contained in the [Q3 2024  
3 10-Q] fairly presents, in all material respects, the financial condition and results of operations of  
4 the Company as of the dates and for the periods expressed in the [Q3 2024 10-Q].”

5           35. The statements referenced in ¶¶ 23-34 were materially false and misleading  
6 because Defendants made false and/or misleading statements, as well as failed to disclose material  
7 adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants  
8 made false and/or misleading statements and/or failed to disclose that: (i) the material weaknesses  
9 in SoundHound’s internal controls over financial reporting impaired the Company’s ability to  
10 effectively account for corporate acquisitions; (ii) in addition, the Company overstated the extent  
11 to which it had remediated, and/or its ability to remediate, the material weaknesses in its internal  
12 controls over financial reporting; (iii) as a result of the foregoing material weaknesses,  
13 SoundHound’s reported goodwill following the Amelia Acquisition was inflated and would need  
14 to be corrected; (iv) further, SoundHound would likely require extra time and expense to  
15 effectively account for the SYNQ3 and Amelia Acquisitions; (v) the foregoing increased the risk  
16 that the Company would be unable to timely file certain financial reports with the SEC; and (vi)  
17 as a result, the Company’s public statements were materially false and misleading at all relevant  
18 times.  
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21

### **The Truth Emerges**

22           36. On March 4, 2025, SoundHound disclosed in a filing with the SEC that it would  
23 be unable to timely file the 2024 10-K. Specially, SoundHound stated, in relevant part:  
24

25           As previously disclosed, on January 3, 2024, SoundHound AI, Inc. (the  
26 “Company”) completed the acquisition of Synq3, Inc. in a cash and stock  
27 transaction (the “SYNQ3 Acquisition”), and on August 7, 2024, the Company  
28 completed the acquisition of Amelia Holdings, Inc. in a cash and stock transaction  
(together with the SYNQ3 Acquisition, the “Acquisitions”). ***Due to the complexity  
of accounting for the Acquisitions, the Company requires additional time to***

1 *prepare the financial statements and the accompanying notes disclosed in the*  
2 *Company's Annual Report on Form 10-K for the fiscal year ended December 31,*  
3 *2024 (the "Form 10-K"). Accordingly, the Company has determined that it is*  
4 *unable to file the Form 10-K without unreasonable effort or expense. As*  
5 *previously disclosed, the Company has identified material weaknesses in its*  
6 *internal control over financial reporting. These material weaknesses continue to*  
7 *exist as of December 31, 2024.* The Company expects to file its Form 10-K within  
8 the fifteen-day period provided under Rule 12b-25, no later than by March 18,  
9 2025.

10 37. On this news, SoundHound's stock price fell \$0.61 per share, or 5.86%, to close  
11 at \$9.72 per share on March 4, 2025.

12 38. Then, on March 11, 2025, SoundHound filed its 2024 10-K. In the 2024 10-K,  
13 SoundHound disclosed for the first time that the Company's lack of effective controls was  
14 impairing its ability to account for corporate acquisitions, stating, in relevant part:

15 Our management is responsible for establishing and maintaining adequate  
16 internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-  
17 15(f) under the Securities Exchange Act of 1934, as amended). Our management  
18 assessed the effectiveness of our internal control over financial reporting as of  
19 December 31, 2024. In making this assessment, our management used the criteria  
20 established in Internal Control - Integrated Framework (2013) issued by the  
21 Committee of Sponsoring Organizations of the Treadway Commission. A material  
22 weakness is a deficiency, or combination of deficiencies, in internal control over  
23 financial reporting such that there is a reasonable possibility that a material  
24 misstatement of a company's annual or interim financial statements may not be  
25 prevented or detected on a timely basis. The Company did not maintain an effective  
26 control environment as it lacked sufficient oversight of activities related to its  
27 internal control over financial reporting due to a lack of appropriate level of  
28 experience and training commensurate with its financial reporting requirements.  
*Further, due to rapid business growth, changes to existing controls or the  
implementation of new controls have not been sufficient to respond to changes  
to the risks of material misstatement to financial reporting, which resulted in the  
Company, including the SYNQ3 and Amelia entities which were acquired during  
2024, not designing and maintaining effective controls related to substantially all  
accounts and disclosures. These material weaknesses contributed to the following  
additional material weaknesses as of December 31, 2024:*

- *The Company did not design and maintain effective controls related to the identification of and accounting for certain non-routine, unusual or complex transactions, including the accounting for complex financing transactions and acquisitions.*



1 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

2 42. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
3 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise  
4 acquired SoundHound securities during the Class Period (the “Class”); and were damaged upon  
5 the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants  
6 herein, the officers and directors of the Company, at all relevant times, members of their  
7 immediate families and their legal representatives, heirs, successors or assigns and any entity in  
8 which Defendants have or had a controlling interest.  
9

10 43. The members of the Class are so numerous that joinder of all members is  
11 impracticable. Throughout the Class Period, SoundHound securities were actively traded on the  
12 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and  
13 can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds  
14 or thousands of members in the proposed Class. Record owners and other members of the Class  
15 may be identified from records maintained by SoundHound or its transfer agent and may be  
16 notified of the pendency of this action by mail, using the form of notice similar to that customarily  
17 used in securities class actions.  
18

19 44. Plaintiff’s claims are typical of the claims of the members of the Class as all  
20 members of the Class are similarly affected by Defendants’ wrongful conduct in violation of  
21 federal law that is complained of herein.  
22

23 45. Plaintiff will fairly and adequately protect the interests of the members of the Class  
24 and has retained counsel competent and experienced in class and securities litigation. Plaintiff  
25 has no interests antagonistic to or in conflict with those of the Class.  
26  
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1           46. Common questions of law and fact exist as to all members of the Class and  
2 predominate over any questions solely affecting individual members of the Class. Among the  
3 questions of law and fact common to the Class are:

- 4           • whether the federal securities laws were violated by Defendants' acts as alleged  
5           herein;
- 6           • whether statements made by Defendants to the investing public during the Class  
7           Period misrepresented material facts about the business, operations and  
8           management of SoundHound;
- 9           • whether the Individual Defendants caused SoundHound to issue false and  
10          misleading financial statements during the Class Period;
- 11          • whether Defendants acted knowingly or recklessly in issuing false and  
12          misleading financial statements;
- 13          • whether the prices of SoundHound securities during the Class Period were  
14          artificially inflated because of the Defendants' conduct complained of herein;  
15          and
- 16          • whether the members of the Class have sustained damages and, if so, what is the  
17          proper measure of damages.

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

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

- 26           • Defendants made public misrepresentations or failed to disclose material facts  
27           during the Class Period;
- 28           • the omissions and misrepresentations were material;

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

10 49. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a  
11 presumption of reliance upon the integrity of the market.

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

## 18 COUNT I

### 19 **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder** 20 **Against All Defendants)**

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

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

25 53. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and  
26 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,  
27 practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other  
28

1 members of the Class; made various untrue statements of material facts and omitted to state  
2 material facts necessary in order to make the statements made, in light of the circumstances under  
3 which they were made, not misleading; and employed devices, schemes and artifices to defraud  
4 in connection with the purchase and sale of securities. Such scheme was intended to, and,  
5 throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other  
6 Class members, as alleged herein; (ii) artificially inflate and maintain the market price of  
7 SoundHound securities; and (iii) cause Plaintiff and other members of the Class to purchase or  
8 otherwise acquire SoundHound securities and options at artificially inflated prices. In furtherance  
9 of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the  
10 actions set forth herein.  
11

12           54. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the  
13 Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly  
14 and annual reports, SEC filings, press releases and other statements and documents described  
15 above, including statements made to securities analysts and the media that were designed to  
16 influence the market for SoundHound securities. Such reports, filings, releases and statements  
17 were materially false and misleading in that they failed to disclose material adverse information  
18 and misrepresented the truth about SoundHound's finances and business prospects.  
19

20           55. By virtue of their positions at SoundHound, Defendants had actual knowledge of  
21 the materially false and misleading statements and material omissions alleged herein and intended  
22 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants  
23 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose  
24 such facts as would reveal the materially false and misleading nature of the statements made,  
25 although such facts were readily available to Defendants. Said acts and omissions of Defendants  
26 were committed willfully or with reckless disregard for the truth. In addition, each Defendant  
27  
28

1 knew or recklessly disregarded that material facts were being misrepresented or omitted as  
2 described above.

3           56. Information showing that Defendants acted knowingly or with reckless disregard  
4 for the truth is peculiarly within Defendants' knowledge and control. As the senior managers  
5 and/or directors of SoundHound, the Individual Defendants had knowledge of the details of  
6 SoundHound's internal affairs.  
7

8           57. The Individual Defendants are liable both directly and indirectly for the wrongs  
9 complained of herein. Because of their positions of control and authority, the Individual  
10 Defendants were able to and did, directly or indirectly, control the content of the statements of  
11 SoundHound. As officers and/or directors of a publicly-held company, the Individual Defendants  
12 had a duty to disseminate timely, accurate, and truthful information with respect to SoundHound's  
13 businesses, operations, future financial condition and future prospects. As a result of the  
14 dissemination of the aforementioned false and misleading reports, releases and public statements,  
15 the market price of SoundHound securities was artificially inflated throughout the Class Period.  
16 In ignorance of the adverse facts concerning SoundHound's business and financial condition  
17 which were concealed by Defendants, Plaintiff and the other members of the Class purchased or  
18 otherwise acquired SoundHound securities at artificially inflated prices and relied upon the price  
19 of the securities, the integrity of the market for the securities and/or upon statements disseminated  
20 by Defendants, and were damaged thereby.  
21  
22

23           58. During the Class Period, SoundHound securities were traded on an active and  
24 efficient market. Plaintiff and the other members of the Class, relying on the materially false and  
25 misleading statements described herein, which the Defendants made, issued or caused to be  
26 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares  
27 of SoundHound securities at prices artificially inflated by Defendants' wrongful conduct. Had  
28

1 Plaintiff and the other members of the Class known the truth, they would not have purchased or  
2 otherwise acquired said securities, or would not have purchased or otherwise acquired them at the  
3 inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and  
4 the Class, the true value of SoundHound securities was substantially lower than the prices paid  
5 by Plaintiff and the other members of the Class. The market price of SoundHound securities  
6 declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and  
7 Class members.  
8

9 59. By reason of the conduct alleged herein, Defendants knowingly or recklessly,  
10 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5  
11 promulgated thereunder.  
12

13 60. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and  
14 the other members of the Class suffered damages in connection with their respective purchases,  
15 acquisitions and sales of the Company's securities during the Class Period, upon the disclosure  
16 that the Company had been disseminating misrepresented financial statements to the investing  
17 public.  
18

## 19 **COUNT II**

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

21 61. Plaintiff repeats and re-alleges each and every allegation contained in the  
22 foregoing paragraphs as if fully set forth herein.

23 62. During the Class Period, the Individual Defendants participated in the operation  
24 and management of SoundHound, and conducted and participated, directly and indirectly, in the  
25 conduct of SoundHound's business affairs. Because of their senior positions, they knew the  
26 adverse non-public information about SoundHound's misstatement of income and expenses and  
27 false financial statements.  
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