

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

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

WATERFORD TOWNSHIP GENERAL  
EMPLOYEES RETIREMENT SYSTEM, on  
Behalf of Itself and All Others Similarly  
Situated,

Plaintiff,

vs.

MONOLITHIC POWER SYSTEMS, INC.,  
MICHAEL HSING, and BERNIE BLEGEN,

Defendants.

) No. 25-220

) CLASS ACTION

) COMPLAINT FOR VIOLATIONS OF THE  
) FEDERAL SECURITIES LAWS

) DEMAND FOR JURY TRIAL

1 Plaintiff Waterford Township General Employees Retirement System (“plaintiff”), on  
2 behalf of itself and all others similarly situated, by plaintiff’s undersigned attorneys, for plaintiff’s  
3 complaint against defendants, alleges the following based upon personal knowledge as to plaintiff  
4 and plaintiff’s own acts, and upon information and belief as to all other matters based on the  
5 investigation conducted by and through plaintiff’s attorneys, which included, among other things,  
6 a review of certain U.S. Securities and Exchange Commission (“SEC”) filings by Monolithic  
7 Power Systems, Inc. (“Monolithic” or the “Company”), Company press releases and earning calls,  
8 and analyst and media reports about the Company.<sup>1</sup> Plaintiff believes that substantial evidentiary  
9 support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

10 **NATURE OF THE ACTION**

11 1. This is a securities class action on behalf of all purchasers of Monolithic common  
12 stock between February 8, 2024 and November 8, 2024, inclusive (the “Class Period”). Plaintiff  
13 seeks to pursue remedies under §§10(b) and 20(a) of the Securities Exchange Act of 1934 (“1934  
14 Act”) against Monolithic and certain of the Company’s senior executive officers.

15 **JURISDICTION AND VENUE**

16 2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the  
17 1934 Act, 15 U.S.C. §§78j(b) and 78t(a), and SEC Rule 10b-5, 17 C.F.R. §240.10b-5, promulgated  
18 thereunder. This Court has jurisdiction over the subject matter of this action under 28 U.S.C.  
19 §1331 and §27 of the 1934 Act, 15 U.S.C. §78aa.

20 3. Venue is proper in this District pursuant to §27 of the 1934 Act, because the  
21 Company resides and is headquartered in this District, and many of the events and omissions giving  
22 rise to the claims asserted herein occurred in substantial part in this District.

23 4. In connection with the acts alleged in this complaint, defendants, directly or  
24 indirectly, used the means and instrumentalities of interstate commerce, including, but not limited

25  
26 

---

<sup>1</sup> Emphasis has been added throughout unless otherwise noted.

1 to, the mails, interstate telephone communications, and the facilities of the national securities  
2 markets.

3 **PARTIES**

4 5. Plaintiff Waterford Township General Employees Retirement System, as set forth  
5 in the accompanying certification incorporated by reference herein, purchased Monolithic  
6 common stock during the Class Period, and has been damaged thereby.

7 6. Defendant Monolithic is a provider of power management components used in  
8 electronic systems. The Company is headquartered in Kirkland, Washington. Monolithic common  
9 stock is listed on the NASDAQ Global Select Market (“NASDAQ”) under the ticker symbol  
10 “MPWR.”

11 7. Defendant Michael Hsing (“Hsing”) founded Monolithic in 1997 and has served as  
12 the Company’s Chief Executive Officer (“CEO”) and Chairman of Monolithic’s Board of  
13 Directors (“Board”) since that time.

14 8. Defendant Bernie Blegen (“Blegen”) has served as Monolithic’s Chief Financial  
15 Officer (“CFO”) since July 2016. Prior to this role, Blegen served as Monolithic’s Corporate  
16 Controller.

17 9. Defendants referenced above in ¶¶7-8 are referred to herein as the “Individual  
18 Defendants.”

19 10. Each of the Individual Defendants was directly involved in the management and  
20 day-to-day operations of the Company at the highest levels and was privy to confidential  
21 proprietary information concerning the Company and its business, operations, services, products,  
22 and present and future business prospects during the time of their employment with the Company.  
23 In addition, the Individual Defendants were involved in drafting, producing, reviewing, and  
24 disseminating the false and misleading statements and information alleged herein, were aware of,  
25 or recklessly disregarded, the false and misleading statements being issued regarding the  
26 Company, and approved or ratified these statements, in violation of the federal securities laws.

1 11. As officers and controlling persons of a publicly held company whose securities  
2 are registered with the SEC pursuant to the 1934 Act and traded on the NASDAQ, which is  
3 governed by the provisions of the federal securities laws, the Individual Defendants each had a  
4 duty to promptly disseminate accurate, truthful, and complete information with respect to the  
5 Company's operations, business, products, and present and future business prospects during the  
6 time of their employment with the Company. In addition, the Individual Defendants each had a  
7 duty to correct any previously issued statements that were materially misleading or untrue, so that  
8 the market price of the Company's publicly traded shares would be based upon truthful, accurate,  
9 and complete information. The Individual Defendants' false and misleading misrepresentations  
10 and omissions during the Class Period violated these specific requirements and obligations.

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

20 13. The Individual Defendants together with Monolithic are referred to herein as  
21 "defendants."

## 22 **BACKGROUND**

23 14. Monolithic is a provider of power management components that are used in broader  
24 electronic systems. Monolithic's power management products function by converting voltages to  
25 the appropriate wattage required for use by an electronic system. Although Monolithic's power  
26

1 control modules are used across a broad range of application settings, the products are most notably  
2 used in artificial intelligence (“AI”) data center applications.

3 15. To sell its products, Monolithic claims it relies on a staff of technical sales and  
4 applications engineers who assist prospective customers with the design and use of the Company’s  
5 products and in the development of the customers’ own products. According to Monolithic, this  
6 process enables the Company to meet customers’ exacting specifications for quality and  
7 performance and promotes future product sales.

8 16. Monolithic reports its financial and operational results under a single operating  
9 segment. However, the Company also reports revenue generated by sales into various end markets.  
10 Chief among these end markets is Enterprise Data, which includes sales of power management  
11 modules to technology companies engaged in supplying graphic processing units (“GPUs”) that  
12 are used to run and operate AI data servers. Nvidia Corporation (“Nvidia”) – the world’s leading  
13 supplier of GPUs – is Monolithic’s largest customer.

14 17. Due to intense demand for AI applications, global technology companies have  
15 poured hundreds of billions of dollars into the construction of data centers necessary for the  
16 development of AI technologies. Amid this influx of AI-related capital, Nvidia launched the  
17 “Hopper” GPU in late 2022, which was used to construct the next wave of AI data centers.

18 18. As the sole supplier of certain power modules used in Nvidia’s Hopper GPUs,  
19 Monolithic benefitted from the downstream effects of the growing demand for AI infrastructure.  
20 For example, following the launch of Nvidia’s Hopper GPUs, Monolithic’s Enterprise Data  
21 business quickly became the Company’s largest and fastest growing unit, jumping from 11% of  
22 total sales in the second fiscal quarter of 2023 to roughly 27% of sales the following quarter. By  
23 the end of the fourth quarter of 2023, Enterprise Data had become Monolithic’s largest business  
24 segment, representing approximately 28% of the Company’s overall sales.

25 19. During the Class Period, Monolithic executives represented to investors that the  
26 widespread adoption and use of the Company’s products within the AI industry was due to the

1 purportedly superior performance of Monolithic products. For example, during a February 2024  
2 conference call, defendant Hsing represented that Monolithic’s customers were “very receptive”  
3 to the Company’s products and claimed that client demand was increasing because Monolithic’s  
4 products were able to “solve” issues within their systems. During a subsequent call with investors,  
5 defendant Blegen similarly stated that Monolithic’s products had gained a majority market share  
6 due to the Company’s innovative solutions and claimed that Monolithic could maintain its market-  
7 leading position because the Company was working with clients, including Nvidia, on the  
8 development of their next-generation products.

9 20. Monolithic’s filings with the SEC also emphasized the Company’s purported  
10 specialization in semiconductor technologies and highlighted the supposed reliability and  
11 performance of Monolithic’s products. For example, in quarterly reports filed throughout the Class  
12 Period, Monolithic represented that it possessed “innovative proprietary” technology and an  
13 “expertise” in semiconductor design and claimed that these advantages allowed the Company to  
14 deliver “reliable, compact, and monolithic solutions.”

15 21. As a result of the demand for its purportedly superior products, Monolithic reported  
16 favorable revenue growth during the Class Period. For example, for the second fiscal quarter of  
17 2024, Monolithic reported “record” quarterly revenue of \$507 million. Monolithic attributed this  
18 unprecedented revenue growth in substantial part to increased customer demand for its AI power  
19 solutions, which had caused Enterprise Data revenue to increase 290% year-over-year to \$187  
20 million, from \$48 million in the prior year quarter.

21 22. In the wake of these disclosures, analysts applauded Monolithic’s financial results.  
22 For example, a Deutsche Bank analyst report stated that Monolithic was a “[b]eacon on a hill”  
23 compared to peers who, in contrast, had reported “relatively muted” financial results. Similarly,  
24 an Oppenheimer analyst report stated that Monolithic had reported “standout” results, making the  
25 Company a “Rose Among Thorns” given recent “peer malaise.”

1 23. Unbeknownst to investors, however, Monolithic’s power management solutions  
2 were suffering from significant performance and quality control issues, which, in turn, negatively  
3 impacted the GPUs they powered like those supplied by Nvidia. Contrary to defendants’ Class  
4 Period representations that Monolithic had resolved quality issues with the components the  
5 Company supplied to Nvidia, Monolithic in fact failed to rectify known product defects that had  
6 impaired the performance of Nvidia’s products. As a result of these shortcomings, Monolithic’s  
7 relationship with Nvidia (its largest customer) had been irreparably damaged, thereby exposing  
8 Monolithic to material undisclosed risks of significant business, financial, and reputational harm.

9 24. Then, on October 30, 2024, in connection with reporting its third fiscal quarter of  
10 2024 financial results, Monolithic revealed a sudden and surprising slowdown in its Enterprise  
11 Data segment. The Company disclosed that its Enterprise Data revenue had declined sequentially  
12 during the quarter to \$184 million, missing consensus estimates by nearly 13%. During an investor  
13 call held later that day, defendant Blegen revealed that customer order patterns had fallen  
14 materially below recent historical trends, which negatively impacted Enterprise Data sales in the  
15 quarter, and that this negative trend would continue.

16 25. Analysts attributed the unexpected slowdown in Monolithic’s Enterprise Data sales  
17 to a delayed launch of Nvidia’s next-generation Blackwell GPUs, initial sales of which had  
18 originally been scheduled to commence in the second quarter of 2024. For example, a Rosenblatt  
19 analyst report stated that Enterprise Data “took a pause for 4Q24, we think, on the delayed  
20 Blackwell ramp.” Similarly, a Summit Insights Group analyst report stated that Monolithic’s  
21 Enterprise Data sales in the quarter had underperformed expectations “primarily due” to Nvidia’s  
22 Blackwell “shipment delays.”

23 26. Then, on November 11, 2024, Edgewater Research analysts published an explosive  
24 report revealing that Nvidia had canceled half of its outstanding Monolithic orders and intended  
25 to eliminate Monolithic as a supplier for Nvidia’s most-advanced Blackwell GPU variants due to  
26 persistent “[p]erformance issues” with the Company’s power modules. The report further revealed

1 that Nvidia engineers had “lost confidence” in Monolithic after it failed to address performance  
2 issues in its voltage regulator model and that Nvidia had decided to pivot to Monolithic’s  
3 competitors as its “primary suppliers.”

4 27. As a result of these disclosures, the price of Monolithic stock declined more than  
5 30% from its Class Period high of more than \$959 per share to approximately \$647 per share by  
6 Class Period end, inflicting hundreds of millions of dollars of financial losses on investors and  
7 economic damages under the federal securities laws.

8 **MATERIALLY FALSE AND MISLEADING**  
9 **STATEMENTS AND OMISSIONS ISSUED DURING THE CLASS PERIOD**

10 28. The Class Period begins on February 8, 2024. After close of market on February  
11 7, 2024, Monolithic issued a release announcing the Company’s financial results for its fourth  
12 fiscal quarter and year ending December 31, 2023 (“4Q23 Release”). The 4Q23 Release stated  
13 that Monolithic’s quarterly revenues decreased to \$454 million from \$460 million in the prior year  
14 quarter. The 4Q23 Release further stated that quarterly revenues within the Company’s Enterprise  
15 Data business increased to \$129 million from \$68 million in the prior year quarter.

16 29. That same day, Monolithic held a conference call with analysts to discuss the  
17 Company’s financial and operational results for the fourth quarter of 2024, which was hosted by  
18 defendants Hsing and Blegen. During the call, defendant Hsing emphasized the exceptional  
19 “performance” of Monolithic’s power solutions and claimed that the Company’s customers kept  
20 “requesting it” because Monolithic’s products could solve “all [of their] issues,” and was designed  
21 “to make sure we’re the best.”

22 30. Defendant Hsing further stated that Monolithic had experienced “some issues” with  
23 its power management Stage 1 components, but reassured investors that “all these issues are  
24 resolved,” which he claimed would enable Monolithic to “significantly” increase the amount of  
25 products installed on customer projects, stating in pertinent part as follows:

26 Yes, okay. We had some issues on the Stage 1. We had some design wins  
and very small volumes in different systems, actually. ***Now we don’t have – all***



1 *these issues are resolved. That will significantly gain the content. And in each*  
2 *AR systems.*

3 31. That same day, analysts at Truist Securities published an analyst report stating that  
4 Monolithic had acknowledged a “quality issue” with components supplied to Nvidia, but reassured  
5 investors that the Company had “identified the problem, the failure rate is low, the problem is  
6 fixed, and the relationship remains on solid footing.”

7 32. On February 29, 2024, Monolithic filed with the SEC its annual report on Form  
8 10-K for its fiscal year ending December 31, 2023, which was signed by defendants Hsing and  
9 Blegen and certified by them that the filing was materially complete, accurate, and free from fraud  
10 (“2023 Form 10-K”). The 2023 Form 10-K contained the same financial information regarding  
11 Monolithic’s quarterly and annual revenues that were reflected in 4Q23 Release.

12 33. The 2023 Form 10-K represented that Monolithic had “core strengths” in design  
13 expertise and proprietary technologies, which it claimed enabled the Company to deliver “reliable”  
14 and “cost-effective” products. The Form 10-K also stated that Monolithic “differentiate[d]” itself  
15 “by offering solutions that are . . . more accurate with respect to performance specifications and,  
16 consequently, more cost-effective than many competing solutions.”

17 34. The 2023 Form 10-K also represented that Monolithic’s power management  
18 solutions were “differentiated” in the market due, in part, to their “increased reliability” and  
19 “lower” system cost relative to competing products.

20 35. On May 1, 2024, Monolithic issued a release announcing the Company’s financial  
21 results for its first fiscal quarter ending March 31, 2024 (“1Q24 Release”). The 1Q24 Release  
22 stated that Monolithic’s quarterly revenues increased to \$458 million from \$451 million in the  
23 prior year quarter. The 1Q24 Release further stated that quarterly revenues within the Company’s  
24 Enterprise Data business increased to \$150 million from \$47 million in the prior year quarter.

25 36. That same day, Monolithic hosted a conference call with analysts to discuss the  
26 Company’s financial and operational results for the first quarter of 2024, which was hosted by  
defendants Hsing and Blegen. In response to a question from an analyst regarding the Company’s

1 relationship with its “largest enterprise data customer” (*i.e.*, Nvidia), defendant Blegen represented  
2 that Monolithic was “at the front of the design cycle, we’re consulted, we’re integrated, in fact,  
3 with the development of the next generation of products” and claimed that the Company was  
4 strategically positioned to continue to be a “leader” in the market for such products.

5 37. Defendant Hsing responded to the same question by emphasizing Monolithic’s  
6 purported quality advantages, stating: “[W]e are not a champion of volumes, okay? We don’t do  
7 that. We want to every – whatever we do, we do the best.”

8 38. On May 3, 2024, Monolithic filed with the SEC a quarterly report on Form 10-Q  
9 for its first fiscal quarter ending March 31, 2024, which was signed by defendants Hsing and  
10 Blegen and certified by them that the filing was materially complete, accurate and free from fraud  
11 (“1Q24 Form 10-Q”). The 1Q24 Form 10-Q contained the same financial information regarding  
12 Monolithic’s quarterly revenues that were reflected in 1Q24 Release.

13 39. The 1Q24 Form 10-Q represented that Monolithic had “core strengths” in design  
14 expertise and proprietary technologies, which it claimed enabled the Company to deliver “reliable”  
15 and “cost-effective” products “while providing a consistent return on investment to our  
16 stockholders.”

17 40. On August 1, 2024, Monolithic issued a release announcing the Company’s  
18 financial results for its second fiscal quarter ending June 30, 2024 (“2Q24 Release”). The 2Q24  
19 Release stated that Monolithic’s quarterly revenues increased to \$507 million from \$441 million  
20 in the prior year quarter. The 2Q24 Release further stated that quarterly revenues within the  
21 Company’s Enterprise Data business increased to \$187 million from \$48 million in the prior year  
22 quarter.

23 41. That same day, Monolithic held a conference call with analysts to discuss the  
24 Company’s financial and operational results for the second quarter of 2024, which was hosted by  
25 defendants Hsing and Blegen. During his prepared remarks, defendant Blegen emphasized  
26

1 Monolithic’s “record” revenue growth, which he attributed in substantial part to increased demand  
2 for the Company’s AI power solutions, stating in pertinent part as follows:

3 Let me open by saying MPS reported yet another record quarter, with Q2 2024  
4 revenue of \$507.4 million, exceeding the high end of our guidance. ***Our strong***  
5 ***revenue growth was attributed to three factors: increased demand for AI power***  
6 ***solutions, improving order trends in several of our end markets, and lastly, initial***  
7 ***revenue ramps associated with design wins secured in past years.***

8 42. On August 2, 2024, Monolithic filed with the SEC a quarterly report on Form 10-Q  
9 for its second quarter ending June 30, 2024, which was signed by defendants Hsing and Blegen  
10 and certified by them that the filing was materially complete, accurate and free from fraud (“2Q24  
11 Form 10-Q”). The 2Q24 Form 10-Q contained the same financial information regarding  
12 Monolithic’s quarterly revenues that were referenced in the 2Q24 Release.

13 43. The 2Q24 Form 10-Q represented that Monolithic had “core strengths” in design  
14 expertise and proprietary technologies, which it claimed enabled the Company to deliver “reliable”  
15 and “cost-effective” products “while providing a consistent return on investment to our  
16 stockholders.”

17 44. The statements referenced in ¶¶28-43 above were materially false and/or  
18 misleading when made because they failed to disclose the following adverse facts pertaining to the  
19 Company’s business, operations, and financial condition, which were known to defendants or  
20 recklessly disregarded by them as follows:

21 (a) that Monolithic’s voltage regulator modules and power management  
22 integrated circuits were suffering from significant performance and quality control issues;

23 (b) that the defects listed in (a), above, had, in turn, negatively impacted the  
24 performance of certain products offered by Nvidia in which such products were used;

25 (c) that Monolithic had failed to adequately address and resolve known issues  
26 affecting the performance of the power management solutions the Company supplied to Nvidia;

(d) that Monolithic’s relationship with Nvidia – the Company’s most important  
customer – had been irreparably damaged due to the significant performance and quality control

1 problems affecting the products it supplied to Nvidia and the Company's failure to adequately  
2 address such issues, as listed in (a)-(c), above; and

3 (e) that as a result of (a)-(d), above, Monolithic was acutely exposed to material  
4 undisclosed risks of significant business, financial, and reputational harm.

5 45. Then, on October 30, 2024, Monolithic issued a press release announcing the  
6 Company's financial results for its third fiscal quarter ending September 30, 2024 ("3Q24  
7 Release"). The 3Q24 Release revealed a sudden and surprising slowdown in Monolithic's critical  
8 Enterprise Data segment. Specifically, the 3Q24 Release reported that quarterly revenue within  
9 Monolithic's Enterprise Data business declined sequentially to \$184 million, down from \$187  
10 million in the prior quarter, missing consensus estimates of \$211 million by nearly 13%. During  
11 the corresponding conference call held later that day, defendant Blegen further revealed that  
12 customer orders had fallen materially below recent historical trends, which had negatively  
13 impacted Monolithic's Enterprise Data revenues and was set to limit segment revenue growth in  
14 the upcoming quarter to low single digits.

15 46. In the wake of these disclosures, analysts reported that Monolithic's lackluster sales  
16 within its Enterprise Data segment were due to Nvidia's shipment delays of its next-generation  
17 Blackwell chips. For example, a Rosenblatt analyst report stated that Monolithic's Enterprise Data  
18 segment "took a pause for 4Q24, we think, on the delayed Blackwell ramp." Similarly, a Summit  
19 Insights Group analyst report stated that the Company's Enterprise Data sales in the third quarter  
20 had underperformed expectations "primarily due" to Nvidia's Blackwell "shipment delays."

21 47. On this news, the price of Monolithic common stock fell more than \$160 per share  
22 from \$919.81 per share on October 30, 2024 to \$759.30 per share on October 31, 2024, a decline  
23 of more than 17% on above-average trading volume of more than 3 million shares traded.  
24 However, the price of Monolithic common stock remained artificially inflated as defendants  
25 continued to make material misstatements and omissions and to conceal the full truth regarding  
26 the Company's business, operations, and financial results.

1 48. During Monolithic’s third quarter earnings call, defendant Hsing represented that  
2 Monolithic’s provision of “best”-in-class power solutions had allowed the Company to maintain a  
3 dominant initial share of the burgeoning AI market, stating in pertinent part as follows:

4 Yes. I mean you probably – everybody knows that if you look at the  
5 transcript from the last year, we talked about the market is big and that the market  
6 is growing or the AI requirements is growing. ***And so the customers initially will***  
7 ***take the – always take the best solutions to fulfill their needs and the best solution***  
8 ***and also the speed of the development service, as Bernie said earlier. And that’s***  
9 ***why we occupied a pretty large shares, okay?***

10 And last year, we said, okay, this market is too big and MPS will be always  
11 have the best solutions in these applications. And we also talk about the market is  
12 bigger. There will be a second or third or fourth supplier to join this segment. And  
13 this – and when will that happen, and we don’t know, okay? It happened in the last  
14 couple of quarters. And again, in next years, what we see – again, the market is  
15 growing very fast.

16 49. During the call, an analyst asked about Monolithic’s “opportunity” within AI  
17 accelerators in the upcoming year. In response, defendant Hsing stated that Monolithic’s power  
18 solutions were the “best” and “most power efficient” in the industry, and represented to investors  
19 that the Company’s Enterprise Data business “will grow.”

20 50. The statements referenced in ¶¶48-49, above were materially false and/or  
21 misleading when made because they failed to disclose the adverse facts pertaining to the  
22 Company’s business, operations, and financial condition, which were known to defendants or  
23 recklessly disregarded by them as detailed in ¶44, above.

24 51. Then, on November 11, 2024, Edgewater Research analysts published an explosive  
25 report revealing that Nvidia had cancelled half of its outstanding Monolithic orders and intended  
26 to eliminate Monolithic’s allocation to most variants of its next-generation Blackwell chips due to  
“[p]erformance issues” with the Company’s products. The report further disclosed that Nvidia  
engineers had “lost confidence” in Monolithic’s products and decided to turn to the Company’s  
competitors as Nvidia’s “primary suppliers.” Corroborating these claims, the report noted that

1 Monolithic’s competitors had received “rush orders” in recent weeks for components related to  
2 Nvidia’s most-advanced Blackwell models.

3 52. On this news, the price of Monolithic common stock fell \$114 per share from  
4 \$761.30 per share on November 8, 2024 to \$647.31 per share on November 11, 2024, a decline of  
5 15% on above-average trading volume of more than 4 million shares traded.

6 53. While Monolithic attempted to refute the disclosures contained in the Edgewater  
7 Research report, the market found the claims credible and concerning. Moreover, later reports  
8 revealed that Nvidia decided to ramp initial Blackwell volumes using competing multi-phase  
9 solutions from Monolithic’s competitors, Infineon and Renesas. As a result, in subsequent trading  
10 days the price of Monolithic stock continued to fall, reaching a low of \$560 per share on November  
11 20, 2024.

12 54. As a result of these declines in the price of Monolithic stock, plaintiff and other  
13 Class members have suffered significant financial losses and damages under the federal securities  
14 laws.

15 **ADDITIONAL SCIENTER ALLEGATIONS**

16 55. As alleged herein, defendants acted with scienter in that defendants knew, or  
17 recklessly disregarded, that the public documents and statements they issued and disseminated  
18 during the Class Period to the investing public in the name of the Company, or in their own name,  
19 were materially false and misleading. Defendants knowingly and substantially participated or  
20 acquiesced in the issuance or dissemination of such statements and documents as primary  
21 violations of the federal securities laws. Defendants, by virtue of their receipt of information  
22 reflecting the true facts regarding Monolithic, and their control over and/or receipt and/or  
23 modification of Monolithic’s allegedly materially misleading misstatements, were active and  
24 culpable participants in the fraudulent scheme alleged herein.

25 56. Defendants knew and/or recklessly disregarded the false and misleading nature of  
26 the information they caused to be disseminated to the investing public. Accordingly, the fraud

1 described herein could not have been perpetrated during the Class Period without the knowledge  
2 and complicity of, or at least the reckless disregard by, personnel at the highest levels of the  
3 Company, including the Individual Defendants.

4 57. The Individual Defendants, because of their positions with Monolithic, controlled  
5 the contents of Monolithic’s public statements during the Class Period. The Individual Defendants  
6 were each provided with or had access to the information alleged herein to be false and/or  
7 misleading prior to or shortly after its issuance and had the ability and opportunity to prevent its  
8 issuance or cause it to be corrected. Because of their positions and access to material, nonpublic  
9 information, the Individual Defendants knew or recklessly disregarded that the adverse facts  
10 specified herein had not been disclosed to and were being concealed from the public and that the  
11 positive representations that were being made were false and misleading. As a result, each of the  
12 defendants is responsible for the accuracy of Monolithic’s corporate statements and is, therefore,  
13 responsible and liable for the representations contained therein.

14 58. Monolithic’s relationship with Nvidia, the performance of its products, and  
15 prospects of supplying components for Nvidia’s next-generation Blackwell GPUs, were among  
16 the most important issues facing the Company and the focus of Monolithic management, including  
17 the Individual Defendants. The Individual Defendants repeatedly held themselves out as the  
18 persons most knowledgeable regarding the status of Monolithic’s relationship with Nvidia. For  
19 example, during the Company’s February 2024 earnings call, defendant Hsing represented that  
20 “all the[] issues are resolved” relating to the Company’s Stage 1 power solutions. According to  
21 analysts, defendants also confirmed that Monolithic had “identified the problem” with components  
22 supplied to Nvidia, and that “the failure rate is low, the problem is fixed, and the relationship  
23 remains on solid footing.” Similarly, during a May 2024 conference call, defendant Blegen stated  
24 that Monolithic had “consulted” with its customers regarding next-generation AI technologies –  
25 which would include Nvidia – and was “integrated, in fact, with the development of the next  
26 generation of products.”

**NO SAFE HARBOR**

1  
2 59. Monolithic’s “Safe Harbor” warnings accompanying its reportedly forward-  
3 looking statements (“FLS”) issued during the Class Period were ineffective to shield those  
4 statements from liability. To the extent that projected revenue and earnings were included in the  
5 Company’s financial reports prepared in accordance with Generally Accepted Accounting  
6 Principles, including those filed with the SEC on Form 8-K, they are excluded from the protection  
7 of the statutory Safe Harbor. 15 U.S.C. §78u-5(b)(2)(A).

8 60. Defendants are also liable for any false or misleading FLS pled because, at the time  
9 each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized  
10 and approved by an executive officer of Monolithic who knew that the FLS was false. None of  
11 the historic or present tense statements made by these defendants were assumptions underlying or  
12 relating to any plan, projection, or statement of future economic performance, as they were not  
13 stated to be such assumptions underlying or relating to any projection or statement of future  
14 economic performance when made, nor were any of the projections or forecasts made by these  
15 defendants expressly related to or stated to be dependent on those historic or present tense  
16 statements when made.

17 **APPLICATION OF PRESUMPTION OF RELIANCE;**  
18 **FRAUD ON THE MARKET**

19 61. At all relevant times, the market for Monolithic common stock was an efficient  
20 market for the following reasons, among others:

21 (a) Monolithic common stock met the requirements for listing, and was listed  
22 and actively traded on the NASDAQ, a highly efficient and automated market;

23 (b) according to the Company’s Form 10-K for the fiscal year ended December  
24 31, 2023, Monolithic had over 48 million shares of common stock outstanding as of February 22,  
25 2024;

26 (c) as a regulated issuer, Monolithic filed periodic public reports with the SEC;



1 (d) Monolithic regularly communicated with public investors via established  
2 market communication mechanisms, including the regular dissemination of press releases on  
3 national circuits of major newswire services, the Internet, and other wide-ranging public  
4 disclosures; and

5 (e) unexpected material news about Monolithic was rapidly reflected in and  
6 incorporated into the price of the Company's shares of common stock during the Class Period.

7 62. As a result of the foregoing, the market for Monolithic common stock promptly  
8 digested current information regarding Monolithic from publicly available sources and reflected  
9 such information in the price of Monolithic common stock. Under these circumstances, all  
10 purchasers of Monolithic common stock during the Class Period suffered similar injury through  
11 their purchases of Monolithic common stock at artificially inflated prices, and a presumption of  
12 reliance applies.

13 63. A presumption of reliance is also appropriate in this action under the Supreme  
14 Court's holding in *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), because plaintiff's  
15 claims are based, in significant part, on defendants' material omissions. Because this action  
16 involves defendants' failure to disclose material adverse information regarding Monolithic's  
17 business, operations, products, and risks, positive proof of reliance is not a prerequisite to recovery.  
18 All that is necessary is that the facts withheld be material in the sense that a reasonable investor  
19 might have considered them important in making investment decisions. Given the importance of  
20 defendants' material misstatements and omissions set forth above, that requirement is satisfied  
21 here.

22 **LOSS CAUSATION/ECONOMIC LOSS**

23 64. During the Class Period, as detailed herein, the defendants made false and  
24 misleading statements and engaged in a scheme to deceive the market and a course of conduct that  
25 artificially inflated the price of Monolithic common stock and operated as a fraud or deceit on  
26 Class Period purchasers of Monolithic common stock by misrepresenting the value of the

1 Company's business and prospects in the Company's operations. As these defendants'  
2 misrepresentations and fraudulent conduct became apparent to the market and previously  
3 undisclosed material risks materialized, the price of the Company's stock fell precipitously on  
4 numerous occasions as the prior artificial inflation came out of the stock's price, as detailed herein.  
5 As a result of their purchases of Monolithic common stock during the Class Period, plaintiff and  
6 other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

7 **CLASS ACTION ALLEGATIONS**

8 65. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
9 Procedure 23(a) and (b)(3) on behalf of a class consisting of all purchasers of Monolithic common  
10 stock during the Class Period (the "Class"). Excluded from the Class are defendants, the officers  
11 and directors of the Company, at all relevant times, members of their immediate families, and their  
12 legal representatives, heirs, successors, or assigns, and any entity in which defendants have or had  
13 a controlling interest.

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

22 67. Plaintiff's claims are typical of the claims of the members of the Class as all  
23 members of the Class are similarly affected by defendants' wrongful conduct in violation of federal  
24 law as complained of herein.

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

1 69. 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 (a) whether statements made by defendants during the Class Period  
5 misrepresented material facts about the business and operations of Monolithic;

6 (b) whether defendants acted with scienter; and

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

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

15 **COUNT I**

16 **For Violation of §10(b) of the 1934 Act and**  
17 **Rule 10b-5 Promulgated Thereunder**  
18 **Against All Defendants**

19 71. Plaintiff repeats and realleges each and every allegation contained in the foregoing  
20 paragraphs as if fully set forth herein.

21 72. During the Class Period, defendants disseminated or approved the false statements  
22 specified above, which they knew or deliberately disregarded were misleading in that they  
23 contained misrepresentations and failed to disclose material facts necessary in order to make the  
24 statements made, in light of the circumstances under which they were made, not misleading.

25 73. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

26 (a) employed devices, schemes, and artifices to defraud;

1 (b) made untrue statements of material fact or omitted to state material facts  
2 necessary in order to make the statements made, in light of the circumstances under which they  
3 were made, not misleading; or

4 (c) engaged in acts, practices, and a course of business that operated as a fraud  
5 or deceit upon plaintiff and others similarly situated in connection with their purchases of  
6 Monolithic common stock during the Class Period.

7 74. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of  
8 the market, they paid artificially inflated prices for Monolithic common stock. Plaintiff and the  
9 Class would not have purchased Monolithic common stock at the prices they paid, or at all, if they  
10 had been aware that the market price had been artificially and falsely inflated by defendants'  
11 misleading statements.

12 75. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the  
13 other members of the Class suffered damages in connection with their purchases of Monolithic  
14 common stock during the Class Period.

15 **COUNT II**

16 **For Violation of §20(a) of the 1934 Act**  
17 **Against All Defendants**

18 76. Plaintiff repeats and realleges each and every allegation contained in the foregoing  
19 paragraphs as if fully set forth herein.

20 77. During the Class Period, defendants acted as controlling persons of Monolithic  
21 within the meaning of §20(a) of the 1934 Act. By virtue of their positions and their power to  
22 control public statements about Monolithic, the Individual Defendants had the power and ability  
23 to control the actions of Monolithic and their employees. Monolithic controlled the Individual  
24 Defendants and all of its other officers and employees. By reason of such conduct, defendants are  
25 liable pursuant to §20(a) of the 1934 Act.

26 **PRAYER FOR RELIEF**

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

1 A. Determining that this action is a proper class action, designating plaintiff as Lead  
2 Plaintiff and certifying plaintiff as a Class representative under Rule 23 of the Federal Rules of  
3 Civil Procedure and plaintiff’s counsel as Lead Counsel;

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

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

9 D. Awarding rescission or a rescissory measure of damages; and

10 E. Awarding such equitable/injunctive or other relief as the Court may deem just and  
11 proper.

12 **JURY DEMAND**

13 Plaintiff demands a trial by jury.

14 DATED: February 4, 2025

KELLER ROHRBACK L.L.P.  
JULI E. FARRIS (WSBA # 17593)  
DEREK W. LOESER (WSBA # 24274)

17 s/ Juli E. Farris  
18 \_\_\_\_\_  
JULI E. FARRIS

19 1201 Third Avenue, Suite 3400  
Seattle, WA 98101-3052  
20 Telephone: 206/623-1900  
jfarris@kellerrohrback.com  
21 dloeser@kellerrohrback.com

22 ROBBINS GELLER RUDMAN  
& DOWD LLP  
23 SAMUEL H. RUDMAN  
24 58 South Service Road, Suite 200  
Melville, NY 11747  
25 Telephone: 631/367-7100  
srudman@rgrdlaw.com  
26

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

ROBBINS GELLER RUDMAN  
& DOWD LLP  
BRIAN E. COCHRAN  
FRANCISCO J. MEJIA  
655 West Broadway, Suite 1900  
San Diego, CA 92101-8498  
Telephone: 619/231-1058  
bcochran@rgrdlaw.com  
fmejia@rgrdlaw.com

ASHERKELLY  
CYNTHIA J. BILLINGS-DUNN  
25800 Northwestern Highway, Suite 1100  
Southfield, MI 48075  
Telephone: 248/746-2710  
cbdunn@asherkellylaw.com

Attorneys for Plaintiff