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7 **UNITED STATES DISTRICT COURT**  
8 **CENTRAL DISTRICT OF CALIFORNIA**

9 In re SEMTECH CORPORATION  
10 SECURITIES LITIGATION

Master File No. 2:25-cv-01474-MCS-JC

11 CLASS ACTION

12 **CONSOLIDATED CLASS ACTION**  
**COMPLAINT FOR VIOLATION OF**  
**THE FEDERAL SECURITIES LAWS**

13 This Document Relates to:

14 **DEMAND FOR JURY TRIAL**

ALL ACTIONS

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1 Lead Plaintiff Luis Collazos (“Lead Plaintiff”), individually and on behalf of all others  
2 similarly situated, allege the following upon personal knowledge as to Lead Plaintiff, and upon  
3 information and belief as to all other matters based on the investigation conducted by and through  
4 Lead Plaintiff’s attorneys, which included, among other things, a review of documents filed by  
5 Defendants Semtech Corporation (“Semtech” or the “Company”), Hong Q. Hou (“Hou”), and Mark  
6 Lin (“Lin”) with the U.S. Securities and Exchange Commission (“SEC”), research reports issued by  
7 securities and financial analysts, press releases issued by Defendants, media and news reports, other  
8 publicly available information about Defendants and information provided by a former Semtech  
9 employee (“FE”). Lead Plaintiff believes that substantial additional evidentiary support will exist for  
10 the allegations set forth herein after a reasonable opportunity for discovery.

11 **NATURE AND SUMMARY OF THE ACTION**

12 1. This is a securities fraud class action on behalf of all those who purchased, or otherwise  
13 acquired, Semtech common stock during the period from October 10, 2024 through February 7, 2025,  
14 inclusive (the “Class Period”), who were damaged thereby (the “Class”). This action is brought on  
15 behalf of the Class for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934  
16 (the “Exchange Act”), 15 U.S.C. §§ 78j(b) and 78t(a) and Rule 10b-5 promulgated thereunder by the  
17 SEC, 17 C.F.R. § 240.10b-5.

18 2. Semtech Corporation is a provider of high-performance semiconductors, Internet of  
19 Things (“IoT”) systems, and cloud connectivity service solutions. Within the semiconductor business,  
20 Semtech focuses on high performance analog (as opposed to digital) and mixed-signal platform  
21 products. Semtech is headquartered in Camarillo, California and was founded in 1960. Semtech’s  
22 common stock has traded publicly on the Nasdaq since 1980.

23 3. Semtech’s IoT business largely came from its January 2023 acquisition of Sierra  
24 Wireless for \$1.2 billion. Semtech financed the Sierra Wireless purchase with \$1.15 billion of debt.  
25 The Sierra Wireless acquisition added tremendous debt to Semtech’s balance sheet, and the  
26 acquisition did not result in increased profitability for Semtech. On the heels of the Sierra Wireless  
27 acquisition, and assumption of a massive debt load, Lion Point Capital (“Lion Point”), known as an  
28

1 activist investor, acquired a 3.8% stake in Semtech. Lion Point then negotiated an agreement with  
2 Semtech to add two new board seats, and two new Board Members, as part of a standstill agreement  
3 reached with the Company to forgo an activist campaign. A goal of Lion Point was the reduction of  
4 Semtech's debt load.

5       4. The ongoing boom in data center business, driven by the surge in artificial intelligence  
6 ("AI") development and the resulting increased demand for increased computing power, presented a  
7 large, lucrative opportunity for one of Semtech's analog semiconductors, CopperEdge, an active  
8 copper cable ("ACC") technology. Copper cabling is the lowest cost, lowest latency, and lowest  
9 power way to interconnect high-speed systems together, and it is used inside system racks linking  
10 computer servers to storage subsystems. ACCs use an internal circuit to boost the signal power and  
11 noise reduction to extend the low-cost, low-power, and low latency of copper cables from three meters  
12 to five meters, which allows copper cabling to span several racks in a data center.

13       5. In March 2024, Nvidia, the leading designer and supplier of graphics processing units  
14 ("GPU's) and related AI and datacenter hardware and software, announced the arrival of its new  
15 Blackwell GPU architecture—widely regarded at the time (and still today) as the most powerful GPU  
16 on the market. The new platform, dubbed the GB200 Grace Blackwell Superchip, connected two new  
17 Blackwell GPUs to one Nvidia Grace central processing unit ("CPU"). For data centers and other end  
18 users requiring server-scale computing power, Nvidia initially offered three rack-scale configurations  
19 using the new GB200 chip: the GB200 NVL36, the GB200 NVL72, and the GB200 NVL36x2. The  
20 NVL36 configured 36 GPUs in one rack, while the NVL72 configured 72 GPUs in one rack. The  
21 NVL36x2, however, configured 72 GPUs in two racks—each of 36 GPUs—linked by ACCs. The  
22 NVL36x2 configuration provided the use case and market opportunity for Semtech's CopperEdge  
23 technology.

24       6. Semtech's first earnings call following Nvidia's announcement discussed above came  
25 on June 5, 2024. The first analyst question honed right in on the ACC opportunity: "[P]robably the  
26 question that I get most often from investors is on the active copper cable opportunity." Asked about  
27 the Company's expectations for the ACC opportunity, Semtech's then-Chief Executive Officer  
28

1 (“CEO”), Paul H. Pickle discussed the different NVL72 and NVL36 Blackwell configurations and  
2 explained,

3 So it’s heavy dependence on shipment configuration, but to just cut to the chase, we  
4 kind of size it at \$100 million opportunity. . . . I think on that base case, it’s reasonable  
5 to expect that we’re going to share production between us and one other component  
supplier. And it’s – if you want to just put a slug in there for the share that we would  
see, you could call it 50-50.

6 We were the first to provide the chips, first to get designed in. Maybe that gives us a  
7 slight first-mover advantage, but I think it’s reasonable to expect this kind of settles  
out down to a 50% share split.

8 He later clarified that this \$50 million base case expectation for Semtech ACC revenue was based on  
9 “just one particular program” use case—Nvidia’s Blackwell racks.

10 7. Two days later, Semtech announced that Hong Q. Hou was replacing Pickle as  
11 President and CEO. Lion Point selected Hou to join the Semtech Board as part of its negotiated  
12 agreement to add two new Directors. Pickle had replaced Semtech’s CEO of seventeen years and the  
13 Board charged Pickle with reducing operational expenses to reduce Semtech’s crippling debt. Indeed,  
14 during Pickle’s year-long tenure, Semtech had to twice renegotiate the terms of its debt agreement as  
15 the Company’s growing debt leverage ratio repeatedly exceeded the agreement’s limits. Unsatisfied  
16 with Pickle’s progress in his first year, the Board replaced him with Hou. Hou was part of that Board.

17 8. During Hou’s first earnings call as new CEO on August 27, 2024, Hou announced his  
18 three near-term priorities as CEO. First on his list was “Focus on strategy, rationalize our portfolio  
19 and improve the balance sheet.” He elaborated: “Both our management and the Board are committed  
20 and remain focused on balance sheet improvements **through reduction of debt**. Using asset sale  
21 proceeds to reduce debt is our capital allocation priority.” (Emphasis added.) As would become  
22 evident just a few months later, Hou planned to capitalize on investor enthusiasm for Semtech’s near-  
23 term business opportunities by conducting a secondary offering of stock to raise hundreds of millions  
24 of dollars to pay down Semtech’s debt obligations. Success depended on maintaining and improving  
25 Semtech’s stock price, which closed at \$38.16 per share on August 27, 2024.

26 9. In his opening remarks on the August 27, 2024 call, Hou also revisited the Company’s  
27 previously announced opportunity for ACCs in the NVL36x2: “Qualifications are on schedule, and  
28

1 we currently estimate our annual opportunities specific to the single platform excess the floor case  
2 we provided last quarter. That said, Semtech's ACC opportunities extend beyond the single platform  
3 and a single customer."

4 10. The first analyst question asked again about "your active copper cable expectations,"  
5 noting Hou "mentioned a TAM [total addressable market] that was larger than the TAM that was  
6 given by Paul before his departure." Hou answered that "in the last quarter, we gave a floor case based  
7 on the number of racks and expected ASP share allocation for a specific use case from a specific  
8 customer. Since then, we have expanded our engagement with our customers.... [T]otal opportunity  
9 is above and beyond the floor case we guided."

10 11. On October 1, 2024, Ming-Chi Kuo, an influential analyst at TF International  
11 Securities who specializes in the Asian electronics supply chain published a report (the "Kuo Report")  
12 with the headline, "Nvidia halting development of GB200 NVL36\*2 (dual-rack 72 GPUs version)." Kuo's report explained, "In the future, unless there are customized requirements, Nvidia will only offer the single-rack version of GB200 NVL72 (hereafter NVL72), discontinuing the dual-rack version (NVL36\*2). The single-rack GB200 NVL36 (hereafter NVL36) will maintain its original development and shipment plans." Kuo wrote that this change reflected Nvidia's "attempt to achieve a better balance between supply chain execution, competitive advantage, and customer demand under limited resources (discontinuing NVL36\*2 development is one example). This is a good thing, indicating Nvidia's more pragmatic approach to the product plan, but the transition may confuse some market participants regarding supply chain changes ... some suppliers, such as those in assembly and cooling solutions, may face significant impacts on their 2025 outlook." Kuo listed five major reasons that Nvidia chose the NVL72 over the NVL36x2: Nvidia's limited development resources, the data center space efficiency NVL72 offered, NVL72's performance in inference solutions, "major" customer preference, and fulfilling public commitments.

25 12. As analysts following Semtech quickly recognized, Nvidia's dropping the NVL36x2  
26 rack architecture seemingly meant the end of the \$50 million "floor case" of new ACC revenue for  
27  
28

1 fiscal year 2026.<sup>1</sup> Semtech's stock price had climbed above \$47 per share by the end of September  
2 on investor enthusiasm about Semtech's ACC opportunity with the new Nvidia GB200 chipset-  
3 powered racks. But the share price fell back to \$40 per share after the Kuo Report. Semtech's ability  
4 to raise funds sufficient to make a meaningful dent on its crippling debt leverage ratio was dependent  
5 on maintaining an elevated share price. The opportunity to sell a large amount of CopperEdge for use  
6 in one of Nvidia's cutting edge rack servers made Semtech a much more attractive investment  
7 opportunity and would make raising money in a stock offering much easier for Semtech.

8 13. Just a week after the Kou Report, on October 8, 2024, Hou and Mark Lin, Semtech's  
9 CFO, attended a virtual fireside chat hosted by The Benchmark Company. Announcing the event,  
10 Benchmark noted that "[t]his call should be particularly interesting as it will be the company's first  
11 opportunity to publicly discuss the recent sell-side speculation of Nvidia ending development of its  
12 NVL36x2 platform and the potential implications for Semtech's revenue." Hou and Lin sought to  
13 refute Ming-Chi Kuo's report.

14 14. The Class Period begins on October 10, 2024, when Benchmark published a note  
15 sharing a summary of Hou and Lin's statements:

16 We believe **management's comments went a long way toward calming recent sell-**  
17 **side speculation that Nvidia is discontinuing the development of its NVL36x2**  
18 **architectural platform**, which is expected to initially be the primary vehicle for ACC  
19 implementation, with the use of 162 Active Copper Cables to connect the switch ports  
20 of the two rack system. Since the sell-side note first published mid-last week, Semtech  
21 has connected with its various cloud service provider customers, multiple supply chain  
22 contacts, cable vendors, and a variety of contacts within Nvidia's purchasing  
23 organization across multiple geographies, including its Supply Chain Director and  
24 Chief Rack Architect, and **the company has been unable to find any evidence of**  
25 **any changes to Nvidia program development plans.**

26 15. Then, on October 22, 2024, Piper Sandler & Co. published a note reporting, "We had  
27 the chance to host the management of SMTA for a call with investors last week to specifically address  
28 their opportunities within the data center. Overall we walked away confident that prospects for SMTA

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26 <sup>1</sup> Semtech's fiscal years end the last Sunday of January and began the last Monday of January. Thus,  
27 FY2025 began Monday, January 29, 2024 and ended Sunday, January 26, 2025, and FY2026 began  
Monday, January 27, 2025.

1 remain intact.... **CEO Hou reiterated SMTc's ACC expectations** which we feel is positive given  
2 concerns around potential changes in demand for different rack configurations swirling around."

3 16. During Semtech's quarterly earnings call on November 25, 2024, Hou again doubled  
4 down on the conservative nature of Semtech's "floor case" ACC opportunity related to the rollout of  
5 Nvidia Blackwell chipsets:

6 There have been multiple reports regarding Blackwell GPU rack designs and timing  
7 of volume shipment, which could potentially impact the TAM and timing of ACC  
8 market where we provide key enabling IC components. That said, **allow me to**  
**provide some assurances based on our ecosystem engagement. We have invested**  
**time with our customer and end users of the racks over the past few months. We**  
**reaffirmed our expectation of exceeding the floor case provided a couple quarters**  
**ago based on the firsthand information from the ecosystem.**

10 17. Hou continued, "**We know, one, major CSP is going to be used at the baseline for**  
11 **deployment in 2025 and beyond as long as they use GB200 GPU processors.... So that gives me**  
12 **the confidence that after the OCP that our floor case guided a couple of quarters ago is indeed**  
13 **a floor case.**" He also reiterated the Company's "particular[] focus[] on opportunities that accelerate  
14 our debt repayment and decrease our leverage ratio." Semtech's stock price rose from its closing price  
15 of \$50.90 per share on Friday November 22, 2024 to close at \$53.44 on November 25, 2025 and  
16 \$63.11 on November 26, 2024.

17 18. The next day, November 26, 2025, Rockell Hankin, who had been a Semtech director  
18 since 1998 and served as chairman of the board from 2006 through June 10, 2024, resigned effective  
19 immediately and without public explanation.

20 19. On December 9, 2024, Semtech closed on a public offering of 10.5 million shares at a  
21 price of \$63/share, raising \$661 million dollars with which to pay down debt. Analysts uniformly saw  
22 this transaction as a huge success. Roth Capital Partners wrote four days later, "The \$661M secondary  
23 offering provides significant financial flexibility by reducing interest and leverage ratios while being  
24 immediately accretive." Hankin resigned approximately two weeks before this offering and, as such,  
25 was not named as a director in the S-3 Registration Statement nor did he sign it.

26 20. In early January 2025, Hou discussed Semtech's CopperEdge opportunity with  
27 analysts at the annual trade show CES (formerly known as the Consumer Electronics Show). Scott  
28

1 W. Searle of Roth Capital Partners wrote “**Mgmt. Continues to underscore ... Expansion above**  
2 **its prior \$100M FY26 ACC TAM**” and Harsh Kumar of Piper Sandler & Co. commented that  
3 “**immediate growth from ACC is set to continue given major cloud adoption of the NVL36x2**  
4 **Blackwell configuration from NVDA.**”

5 21. A few weeks later, on January 21, 2025, Semtech was present at the 27th Annual  
6 Needham Growth Conference. Needham & Co analyst N. Quinn Bolton reported “SMTA maintains  
7 its ACC floor case TAM of \$100MM, but appears increasingly confident in additional opportunities  
8 for linear equalizers.”

9 22. In early February, 2025, specifically on February 6 and 10, investors came to learn  
10 that Semtech’s “server rack customer” was no longer developing the rack architecture requiring the  
11 CopperEdge chip so the “floor case” of \$50 million in sales would no longer occur. In other words,  
12 investors learned that the Kuo Report that Nvidia was not developing the NVL36x2 rack architecture  
13 was correct and Hou’s repeated assurances that Semtech would sell at least \$50 million of  
14 CopperEdge were false and misleading.

15 23. On February 6, 2025, analysts from Robert W. Baird & Co.—who served as a co-  
16 manager of Semtech’s December 2024 offering—issued a note trimming Semtech stock’s price target  
17 from \$80 to \$60 because they had observed slower-than-expected uptake of Semtech’s active copper  
18 cables and because “ACC benchmarking activity has been muted in the past few months outside of  
19 Meta.” Therefore, wrote Baird analysts, “investors should brace for near-term turbulence.”

20 24. On this news, Semtech’s stock price fell 10%, from a close of \$60.50 on February 6,  
21 2025 to close at \$54.51 per share on February 7, 2025.

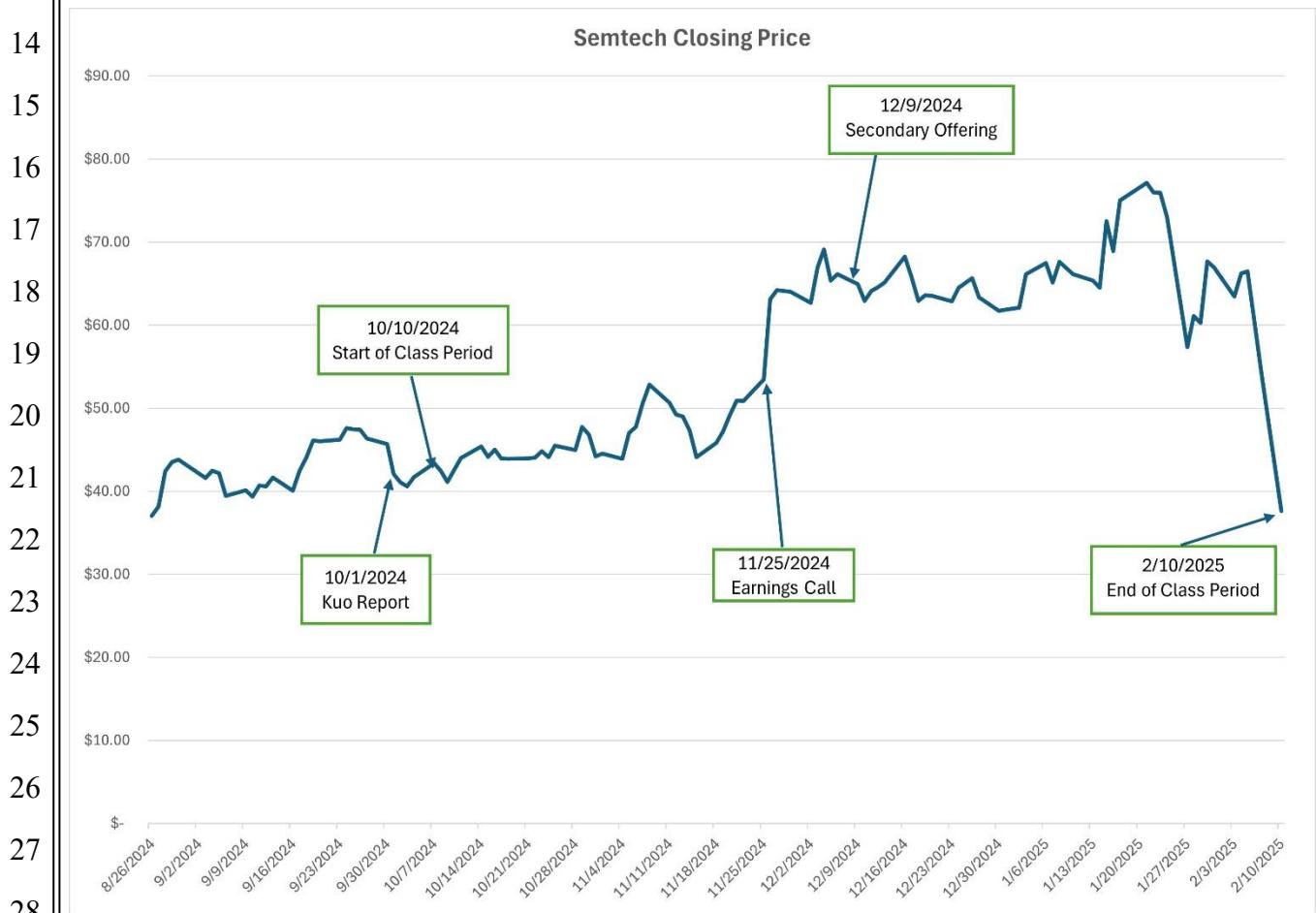
22 25. Then, after close of trading on Friday, February 7, 2025—and mid-first quarter of  
23 fiscal year 2026—Semtech issued a Regulation FD Disclosure on SEC Form 8-K, starkly reversing  
24 course on Hou’s repeated affirmations of the floor case for ACC sales in FY2026:

25 For fiscal year 2026, net sales from its CopperEdge products used in active copper  
26 cables are expected to be lower than the Company’s previously disclosed floor case  
27 estimate of \$50 million due to rack architecture changes, with no expected ramp-up  
28 over the course of fiscal year 2026. The Company’s revised estimates are based on  
recent feedback from a server rack customer and correlated to discussions with end  
users of the server rack platform.

1 This abrupt about-face came only four months after the Kuo Report (which proved to be correct),  
2 approximately two months after Semtech completed its \$661 million offering which allowed it to  
3 reduce its excessive debt and just three weeks after analysts again reported Hou's confidence in the  
4 reiterated \$50 million ACC floor case for FY2026—which was based on a single rack architecture  
5 for a single customer.

6 26. In a report the next day, The Benchmark Company “note[d] that in management’s  
7 prior comments during several investor facing events, Semtech’s new CEO, Hong Hou, had been  
8 more optimistic about the potential of the ACC market ramp, stating his earlier comfort that its  
9 business would earn more than the \$100 million, which had been the floor case estimated by the prior  
10 CEO, Paul Pickle.”

11 27. On February 10, 2025, the first trading day following Semtech’s mid-quarter about-  
12 face, Semtech’s common stock plummeted 31% to close at \$37.60 per share. All totaled, Semtech’s  
13 stock price fell by approximately 38%.



28. Ten days later, Semtech announced that it had entered into a separation and general release agreement with Mark. P. Russell, the Company's Senior Vice President of Global Sales and Marketing.

29. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's common stock, Lead Plaintiff and other Class Members have suffered significant losses and damages.

## **JURISDICTION AND VENUE**

30. The claims asserted herein arise under §§10(b) and 20(a) of the Exchange Act, 15 U.S.C. §78j(b) and §78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331 and 1367, and pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa.

31. This Court has jurisdiction over each Defendant named herein because each Defendant is an individual or corporation who has sufficient minimum contacts with this District so as to render the exercise of jurisdiction by the District Court permissible under traditional notions of fair play and substantial justice.

32. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1931(b), as the Company has its principal executive offices located in this District and conducts substantial business here.

33. In connection with the acts, omissions, conduct, and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce including but not limited to the United States mail, interstate telephone communications and the facilities of the national securities exchange.

## PARTIES AND WITNESSES

## A. Parties

34. Lead Plaintiff Luis Collazos is an individual investor. As set forth in the certification previously filed with the Court (ECF No. 29-2), Lead Plaintiff purchased shares of Semtech common

1 stock at artificially inflated prices during the Class Period and suffered damages as a result of the  
2 violations of the federal securities laws alleged herein.

3 35. Defendant Semtech Corporation is headquartered in Camarillo, California. The  
4 Company's stock trades on the Nasdaq under the ticker symbol "SMT."'

5 36. Defendant Hong Q. Hou ("Hou") was the Chief Executive Officer ("CEO") of  
6 Semtech at all relevant times.

7 37. Defendant Mark Lin ("Lin") was the Chief Financial Officer ("CFO") of Semtech at  
8 all relevant times.

9 38. Defendants Hou and Lin, because of their position at the Company, possessed the  
10 power and authority to control the content and form of the Company's annual reports, quarterly  
11 reports, press releases, investor presentations, and other materials provided to the SEC, securities  
12 analysts, money and portfolio managers and investors, *i.e.*, the market. Defendants Hou and Lin  
13 authorized the publication of the documents, presentations, and materials alleged herein to be  
14 misleading prior to its issuance and had the ability and opportunity to prevent the issuance of these  
15 false statements or to cause them to be corrected. Because of their position with the Company and  
16 access to material non-public information available to them but not to the public, Defendants Hou  
17 and Lin knew that the adverse facts specified herein had not been disclosed to and were being  
18 concealed from the public and that the positive representations being made were false and misleading.  
19 Defendants Hou and Lin are liable for the false statements pleaded herein.

20 39. Semtech, Defendant Hou and Defendant Lin are referred to herein, collectively, as  
21 "Defendants."

22 **B. Former Employee Witnesses**

23 40. FE 1 was Senior Vice President & Chief Human Resources Officer. He was employed  
24 by Semtech from 2020 until October 2023, after which he continued to work for Semtech as a paid  
25 consultant until October 2024. FE 1 voluntarily resigned from full time employment because then-  
26 CEO Pickle was under a great deal of pressure from the Board of Directors to reduce operational  
27 expenses. Before Pickle, Mohan Maheswaran had been CEO for about seventeen years before he was  
28

1 forced to resign in June 2023 because of an activist investor. FE 1 emphasized that Semtech's Board  
2 of Directors operates with "a very heavy hand." FE 1 explained that for most publicly traded  
3 companies, the day-to-day operations of the company are managed by its executive team, with a board  
4 providing guidance and governance. But with Semtech, "there has been too much operational  
5 interference from the Board itself, and it has impacted leadership's ability to run the business. The  
6 current CEO, Hou, FE 1 noted, was a member of the Board during Pickle's tenure. In particular, the  
7 executive turnover has impacted Semtech's integration of Sierra Wireless.

8 **SUBSTANTIVE ALLEGATIONS**

9 **C. The Company and its Operations**

10 41. Semtech is a high-performance, semiconductor, IoT systems and cloud connectivity  
11 service provider. Semtech divides its business into four reportable operating segments: Signal  
12 Integrity, Analog Mixed Signal and Wireless, and IoT Systems and Connectivity.

13 42. The Signal Integrity segment focuses on the development and manufacturing of a  
14 portfolio of optical and copper-based data communications and video transport products used across  
15 a wide variety of infrastructure and industrial applications.

16 43. The Analog Mixed Signal and Wireless segment involves the development and  
17 manufacturing of high-performance protection devices—commonly known as transient voltage  
18 suppressors ("TVS")—and specialized sensing products, which provide protection for electronic  
19 systems.

20 44. The IoT Systems and Connectivity segment offers a portfolio of IoT solutions (such  
21 as modules, gateways, routers, and connected services) that help businesses connect and manage  
22 devices, collect and analyze data, and improve decision-making.

23 45. In August 2022, Semtech announced a new addition to its Signal Integrity segment:  
24 their CopperEdge product portfolio, which focuses on high-performance copper-based data links used  
25 to connect different components (such as servers, switches, and storage devices) inside data centers.  
26 The first product in the portfolio, also announced in August 2022, was the CopperEdge GN8112, a  
27 linear equalizer designed to extend the signal reach of copper cables.

1       46.     As the length of a copper cable increases, so does the risk of signal distortion. Adding  
2 a linear equalizer to a copper cable means that the signal can be extended without risk of distortion.  
3 This addition marks the key distinction between a “direct attach copper cable” and an “active copper  
4 cable.”

5       47.     Direct attach copper (“DAC”) cables consist of a connector plug and copper wires that  
6 can provide electrical connection directly into active equipment. They are low cost and have minimal  
7 lag, but are limited in the length at which they can convey a signal without distortion. DACs do not  
8 require any power to operate.

9       48.     Active copper cables (ACC) are DAC cables that include embedded electronics for  
10 signal amplification (thus extending the length at which they can convey a signal). Semtech’s  
11 CopperEdge GN8112 is a linear equalizer integrated into a chip which is then embedded into the  
12 cable, extending its reach and creating an ACC.

13       49.     In recent decades, copper cables have been widely replaced by fiber optic cables in  
14 data centers. A fiber optic cable uses light instead of electricity to send data, can carry huge amounts  
15 of data very quickly, and unlike copper, is unaffected by electrical noise or signals. Fiber optic cables  
16 significantly outperform copper cables in terms of data transmission speed and bandwidth. Copper  
17 cables can support speeds up to 10 Gbps over short distances while fiber optic cables can achieve  
18 speeds of above 100 Gbps and over much longer distances.

19       50.     Due to their superior performance, fiber optic cables are used throughout the data  
20 center network, almost entirely displacing copper in all connections five meters or longer. In AI data  
21 centers, fiber optic cables play a crucial role in internal connections between racks, external  
22 connections between the data center and other sites or the internet, and in the data center “backbone,”  
23 the highspeed network that connects different parts of the data center.

24       51.     Despite the industry’s widespread adoption of optical fiber, recent years have seen a  
25 renewed interest in copper from data centers. ACCs in particular can deliver a similar performance  
26 for short connections as fiber optic cables at a lower cost and power usage. However, even for short-  
27 distance connections for which optic fiber is unnecessary, ACCs still need to compete with DACs,  
28

1 which are the lowest cost connection option and require zero power. The revival of ACCs through  
2 investments like Semtech's CopperEdge portfolio is limited to niche applications: short-reach, high-  
3 bandwidth connections for which DACs are insufficient.

4 **D. Semtech's FY2026 CopperEdge Opportunity was Entirely Dependent on the Continued  
5 Development of Nvidia's NVL36x2 Rack-Scale Configuration for the GB200 Superchip**

6 52. Semtech first established their \$50 million base case expectation for CopperEdge ACC  
7 revenue in their June 5, 2024 first-quarter earnings call. Analyst Nathaniel Quinn Bolton from  
8 Needham & Company asked: "Just wanted to follow up on the ACC opportunity. I know you're going  
9 to get a lot of questions here, but there's been a pretty wide range of expectations for this opportunity  
10 for you guys. I'm wondering if you might want to try to level set some of those expectations. I mean  
11 how big -- what do you think a reasonable expectation might be for this business, say, in fiscal '26?"

12 Pickle responded:

13 So rather than answer how big could it be, because to imagine the high end, it's a pretty  
14 big number, I would prefer to kind of focus on what I think is currently a bit more of  
15 a reasonable expectation, at least what we're kind of planning around. So **the number  
of cables that could be used is heavily dependent on both the rack configuration  
and NVL72 versus NVL36 and the number of horizontal connections, and  
obviously, the number of NVLs that we'll ship next year.**

16 So it's heavy dependence on shipment configuration, but to just cut to the chase, we  
17 kind of size it at \$100 million opportunity. I'm not -- as a base case, I definitely don't  
18 want to put a high side case number out there. I think on that base case, it's reasonable  
19 to expect that we're going to share production between us and one other component  
supplier. And it's -- if you want to just put a slug in there for the share that we would  
see, you could call it 50-50.

20 We were first to provide the chips, first to get designed in. Maybe that gives us a slight  
21 first-mover advantage, but I think it's reasonable to expect this kind of settles out down  
22 to a 50% share split.

23 53. Later in the call, he clarified that this floor was based on a "particular program use  
24 case ... one particular program." This program was Nvidia's Blackwell GB200.

25 54. In March 2024, Nvidia announced the arrival of its new Blackwell GPU architecture—  
26 widely regarded at the time (and still today) as the most powerful GPU on the market. The new  
27 platform, dubbed the GB200 Grace Blackwell Superchip, connected two new Blackwell GPUs to one  
28 Nvidia Grace CPU.

1       55. Nvidia initially offered three reference architectures using the new GB200 chip: the  
2 GB200 NVL36, the GB200 NVL72, and the GB200 NVL 36x2. These reference architecture models  
3 served as rack-scale prototypes that demonstrated how Nvidia's GB200 chips could be arranged in  
4 server racks to data centers or other end users. The NVL36 configured 36 GPUs in one rack, while  
5 the NVL72 configured 72 GPUs in one rack. The NVL36x2, however, configured 72 GPUs in two  
6 racks—each of 36 GPUs—and linked by ACCs.

7       56. The key distinction between the NVL36x2 and NVL72 lie in their physical  
8 architecture: the NVL72 is a single-rack system, which means all of the GPUs are housed within one  
9 rack. This compact design means that DACs are usually sufficient for high-speed signaling,  
10 eliminating the need for more expensive ACCs. The NVL36x2 configuration thus provided just the  
11 high bandwidth, short-distance connection that would be the use case and market opportunity for  
12 Semtech's CopperEdge technology.

13       57. The distinctive advantage of the NVL72 is its ability to deliver immense computing  
14 power while taking up relatively little space. However, its substantial power consumption—120  
15 kilowatts (kW) per rack, more than ten times the average power density of a server rack in 2024—  
16 necessitates advanced liquid cooling systems to manage the resulting heat output effectively. The  
17 NVL36x2, on the other hand, occupied more space but needed less power (66kW per rack). While it  
18 still required liquid cooling, the NVL36x2 could operate with less advanced cooling systems than the  
19 NVL72, allowing data centers that lacked the requisite infrastructure to nevertheless capitalize on the  
20 supercomputing power of the GB200. The window of this opportunity was narrow, however, as the  
21 data center industry is rapidly moving toward ever-increasing power density, with innovations in  
22 cooling systems keeping pace.

23       58. In the June earnings call, Pickle was optimistic about this interim opportunity, stating:  
24 “the secular trend that we’re going to look to is that **shipping configuration, if people are actually**  
25 **putting these in multi-rack installations to take advantage of multiple racks being grouped**  
26 **together in giant GPU clusters.** And that’s **largely dependent on use case. Use case is kind of**

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1 taking off, favoring a massive parallel architecture, then the opportunity, I think, is -- could be  
2 quite explosive. So it really kind of depends on what that shipping configuration looks like....”

3 **E. Semtech’s Acquisition of Sierra Wireless Saddles the Company with Crippling Debt; an  
4 Activist Investor Gains Seats on the Board and Pivot’s the Company’s Near-Term  
Priority in FY2024 and FY2025 to a Substantial Debt Reduction**

5 59. Before and during the Class Period, Defendants repeatedly emphasized their focus on  
6 improving the Company’s balance sheet. After acquiring Sierra Wireless, Inc. (“Sierra Wireless”), a  
7 transaction that required a debt commitment of over \$1 billion, Semtech became a notably  
8 overleveraged company. In January 2024, Semtech’s debt-to-capital ratio peaked at 52.4%, from an  
9 all time low of 4.1% in January 2021. After years of close-to-zero interest rates, the Federal Reserve’s  
10 raising of interest rates to combat inflation through 2023 meant that this level of debt posed an  
11 existential threat to the Company. After market close on August 2, 2022, Semtech announced their  
12 agreement to acquire Sierra Wireless in an all cash-deal with a total enterprise value of \$1.2 billion.  
13 Semtech used \$1.15 billion in new committed debt financing to finance the transaction.

14 60. Sierra Wireless was a supplier of hardware components that facilitate IoT devices  
15 connecting to cellular networks and the internet. IoT devices are objects that connect to the internet  
16 to collect, send, or receive data. Examples include smart thermostats, fitness trackers, and soil  
17 moisture sensors.

18 61. The majority of Sierra Wireless’s revenue was derived from the sale of cellular IoT  
19 modules and routers and its service platform for IoT cloud management. Market commentators noted  
20 the seeming lack of synergy between Sierra Wireless’s business and Semtech’s focus. Semtech’s low-  
21 power, long-range (“LoRa”) wireless communication segment was entirely distinct from Sierra  
22 Wireless’s provision of cellular connectivity. LoRa refers to wireless technologies specifically  
23 designed for IoT devices that send small amounts of data. Cellular connectivity, on the other hand,  
24 uses mobile phone networks to connect IoT devices, which supports higher-speed data.

25 62. Semtech’s press release announcing the acquisition stated that that the deal “brings  
26 together two important technologies for the future of IoT—LoRa and cellular—to enable the  
27 digitization of the industrial world with a comprehensive chip-to-Cloud platform. Semtech expects

1 the combination of Sierra Wireless' cellular capabilities across its modules, gateways and managed  
2 connectivity together with Semtech's LoRa-enabled end nodes to create a uniquely differentiated IoT  
3 portfolio which will enable a plethora of new IoT use cases to be conceived."

4 63. Analysts, however, saw the combination of the two businesses differently. On August  
5 3, 2022, N. Quinn Bolton of Needham & Co. asked: "whether Semtech's LoRa modules may  
6 cannibalize Sierra Wireless' cellular models or vice versa over time...." Scott W. Searle of Roth  
7 Capital Partners noted that "the transaction has raised concerns about diversifying away from a pure  
8 Semi play with SWIR's contribution from modules, gateways and recurring IoT platform sales,"  
9 having written on the day prior to the announcement, "We see the combination as extremely unlikely  
10 given core company skillsets (silicon vs modules/systems)."

11 64. Bolton also noted Sierra Wireless's significantly lower margins, writing "[t]his  
12 transaction will result in meaningful dilution to Semtech's margins.... As many semiconductor  
13 investors equate higher gross margins to higher valuation multiples, we believe the dramatically lower  
14 margin profile may lead to multiple compression post the transaction." Finally, Bolton asked, "Why  
15 lever the balance sheet into a potential economic recession? SMT announced it will finance the  
16 transaction by issuing \$1.15bn in debt in addition to using some cash on the balance sheet.... Investors  
17 are likely to question the decision to lever the balance sheet into a potential economic recession."

18 65. Gary Mobley of Wells Fargo echoed Bolton's sentiment, writing, "We think some  
19 SMT investors will view this transaction somewhat negatively. We think investors will struggle  
20 with the fact that SWIR is dilutive to GM% and adds significant leverage," and noting that "Sierra  
21 Wireless' IoT offering differs from Semtech in that it is focused on cellular IoT, while SMT is  
22 focused on long-range (LoRa) unlicensed spectrum. Additionally, SWIR is cellular wireless IoT  
23 module developer, meaning they buy cellular baseband modem chips from other companies while  
24 SMT operates a more proprietary LoRa RF transceiver business, with 65%+ GMs."

25 66. Semtech's stock was trading near \$90 in early 2020, after reaching an all-time high in  
26 November 2021. On August 2, 2022, the stock price plunged as the market digested the implications  
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1 of the Sierra Wireless deal, eventually closing that year at \$28.69, marking a nearly 68% decline for  
2 the year.

3 67. On January 12, 2023, Semtech announced the completion of its acquisition of Sierra  
4 Wireless. Keven Young of CFRA Research wrote, “[W]e view SMTc as more of a wait-and-see story  
5 and expect investors to keep an eye on balance sheet health and synergy achievements post-close....”

6 68. On February 24, 2023, Semtech filed a Form 8-K with the SEC announcing an  
7 amendment to their credit agreement which raised the allowed debt level and lowered the minimum  
8 interest coverage requirement in exchange for paying a higher interest rate.

9 69. The over-levered acquisition of Sierra Wireless (and related need to amend the  
10 Company’s credit agreement) prompted an immediate campaign from activist investor Lion Point  
11 Capital, to which the Company acquiesced.

12 70. In March 2023, Semtech announced it had reached a standstill agreement with Lion  
13 Point. As part of the deal, Lion Point got to immediately appoint two individuals of its choosing to  
14 the Semtech Board, and two new independent director positions were created. The candidates for the  
15 independent board seats were also subject to Lion Point’s approval.

16 71. In a Form 8-K filed with the SEC on June 7, 2023 announcing its first quarter FY 2024  
17 earnings, Semtech revealed that it entered into a second amendment to its existing credit agreement  
18 which “provides, among other things, additional cushion with respect to certain financial covenants.”

19 72. Shortly after this new Lion Point-influenced Board constituted in June 2023, then-  
20 CEO Mohan Maheswaran (who had been CEO for 17 years) was replaced by Paul Pickle. The Board  
21 charged Pickle with reducing operational expenses and improving Semtech’s debt-ridden balance  
22 sheet. During Pickle’s first earnings call in September 2023, Tore Egil Svanberg of Stifel, Nicolaus  
23 & Company asked him,

24 But assuming that we kind of stay here for a while, at what point would you have to  
25 take some actions as far as the balance sheet is concerned? Because you’re 5.3x  
26 levered. That number is only going to go up next quarter. So at what point, what are  
some of the things that you’re looking for to take some more drastic actions?

27 Pickle answered, “All cards are on the table in addressing the balance sheet.

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1       73. On October 19, 2023, Semtech again amended their credit agreement to extend the  
2 financial covenant relief period, increase the maximum consolidated leverage ratio, and reduce the  
3 minimum consolidated interest coverage ratio. This marked the third time in 2023 that Semtech had  
4 been forced to negotiate an amendment to its credit agreement.

5       74. On October 20, 2023, Semtech filed a form 8-K with the SEC that announced a \$250  
6 million convertible note offering with use of proceeds to repay term loan debt. That day N. Quinn  
7 Bolton at Needham & Company wrote that the announced convertible note offering and renegotiation  
8 of Semtech's "Consolidated Leverage Ratio covenant ... caught [investors] off-guard as management  
9 had just last month stated it had plenty of room to navigate under its current covenants and would not  
10 issue equity to repay debt." Bolton concluded, "With investors caught off-guard and intolerant of  
11 stocks that move against their position this late in the calendar year, and reflecting concerns over  
12 potential equity dilution and a potential deterioration in Adjusted EBITDA, SMTA shares closed  
13 down 20% and his a new 52-week low intraday."

14       75. In a December 2023 earnings call, Pickle noted that "Principal outstanding on our debt  
15 was \$1.4 billion with a weighted average interest rate of 5.57%. At the end of our third quarter, our  
16 consolidated net leverage ratio calculated in accordance with our credit facility, was 6.49." And asked  
17 by an analyst about any plans to improve the balance sheet, Pickle responded, "In terms of balance  
18 sheet, we are definitely hyper-focused on getting the leverage ratio down. We will continue to be -- I  
19 won't comment on any particular asset sale, but I'll just say that all cards are on the table in terms of  
20 driving that leverage ratio down to the benefit of our shareholders."

21       76. On March 28, 2024, Semtech filed its 10-K for fiscal year 2024 and revealed a  
22 company teetering on the edge of insolvency. The added debt from the Sierra Wireless acquisition  
23 resulted in an increase in interest expenses of \$78.2 million: in 2024, the Company paid \$95.8 million  
24 in interest costs, up from just \$17.6 million a year earlier. Furthermore, a \$755.6 million goodwill  
25 impairment was recorded in fiscal year 2024, tied to Sierra Wireless underperformance and heavier  
26 debt servicing.

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1       77.     The leverage ratio of Semtech’s credit facility debt worsened each of the next quarters.  
2 By March 2024, Mark Lin reported to investors that Semtech’s “consolidated net leverage ratio  
3 calculated in accordance with our credit facility” had increased to 9.11 by end of FY2024. And this  
4 increased yet again to 9.5 by the end of Q1 2025, with principal outstanding on Semtech’s debt still  
5 at \$1.4 billion.

6       78.     On the June 5, 2024 Q1 earnings call, Harsh Kumar of Piper Sandler & Co asked,

7           When I look at turnarounds, it’s almost always the same sort of playbook, management  
8 comes in, fixes the business, cuts the cost, stabilizes the cash flow and then the next  
9 steps are taken. You’ve done all these steps. You’re kind of at a point where your  
10 business is self-sustaining. But there’s also that question in your case of potential  
11 delevers. And I was curious if you’re at a point where you’re starting to think about  
12 that opportunity set that’s available potentially to you?

13           Lin responded,

14           **[A] reduction in the quantum of debt beyond free cash flow generation is**  
15 **something we all believe is important here.** I’ll also add that we evaluate capital  
16 structure alternatives in the ordinary course, including a refinancing of our debt, in  
17 addition to potential asset sales at what I would consider appropriate values. I covered  
18 our covenant compliance outlook in my prepared remarks, and I’ll just note that any  
19 disposition will not be at a fire sale, and we’ll need to appropriately evaluate the asset.  
20 You can understand we can’t provide timelines or specifics, but transaction proceeds,  
21 we’d used to reduce debt, and improving leverage ratio and financial metrics are all  
22 factors that we consider in a potential divestiture.”

23           Pickle chimed in: “Yes. And if I could summarize that, I’d say all tools are at our disposal, all  
24 options on the table. **We definitely are focused on reducing the overall debt load, and we’ll**  
25 **take a look at every option available to us.”**

26       79.     On June 7, 2024—two days after Pickle spoke to investors about Q1 2025—Semtech  
27 announced that Hong Q. Hou was replacing Pickle as President and CEO. Hou was already a Board  
28 member, having joined the Semtech Board in June 2023—filling one of the two new director positions  
won by Lion Point Capital in its activist campaign.

29       80.     During Hou’s first earnings call as CEO, on August 27, 2024, he listed his first near-  
30 term priority as “focus on strategy, rationalize our portfolio and improve the balance sheet.” He  
31 elaborated: **“Both our management and the Board are committed and remain focused on balance**  
32 **sheet improvements through reduction of debt. Using asset sale proceeds to reduce debt is our**  
33 **capital allocation priority.”**

1       81. During the third quarter 2025 earnings call held November 25, 2024, Hou and Lin both  
2 revisited that near term priority. Lin said, **“In our prepared remarks, we did keep balance sheet**  
3 **and portfolio as the number one priority. And we believe order matters. So it is the number one**  
4 **priority.”**

5       82. On December 4, 2024, following Hou’s reinforcement that Nvidia was not canceling  
6 the development of the NVL36x2 Rack, Semtech announced a \$400 million public offering of  
7 common stock. The next day, on December 5, 2024, Semtech announced it was increasing the size of  
8 its offering to \$575 million. The offering closed on December 9, 2024 with Semtech raising over  
9 \$661 million in gross proceeds after the exercise of the underwriters overallotment option.

10       83. Following the December 2024 secondary offering, Hou boasted, “So I will say now 9  
11 months later, … the balance sheet has improved tremendously. We reduced the leverage ratio from  
12 11.2x to now 2.2x, and that allows us to focus on accelerating the growth through some disciplined  
13 investment in the second area of the priority of the R&D.” Asked in a follow up if it is “time to start  
14 adding some additional near-term priorities, Hou said, “Yes. So yes, I think that, for example, the  
15 balance sheet is improved. That’s no longer the priority.”

16       **F. After a Reputable Analyst Reported Nvidia Was Discontinuing the NVL36x2 Rack,  
17 Defendants’ Falsely Denied Any Impact to CopperEdge Revenue to Delay the Market  
18 Correction Until After the December Secondary Offering**

19       84. In Defendant Hou’s first earnings call as CEO on August 27, 2024 (for 2Q25), he  
echoed Pickle’s prior optimism regarding the ACC opportunity:

20       [T]he Semtech team has every intention on delivering our low-power, low latency  
21 solutions through embedded customer engagement and our depth of analog expertise.  
22 **Semtech’s CopperEdge continuous time linear equalizers have a well-**  
23 **documented application, where we partnered with NVIDIA to implement low-**  
24 **power, low-latency active copper cables or ACCs for Blackwell racks and pods.**  
25 For our 200G CopperEdge linear re-drivers, we have received the purchase orders  
from ACC cable manufacturers and expect the shipments to start in our fiscal third  
quarter in limited quantities, a nominal ramp in the fourth quarter and **acceleration**  
**in the next fiscal year.**

\*       \*       \*

26       We believe the pace of data center innovation is optimized with **Semtech’s direct**  
27 **engagement with our end customers and allows us to create a purpose-built**  
28 **solution for Hyperscalers to address their specific challenges.** We are absolutely  
at the right moment to adopt this approach.

1       85. The end customers that Hou was referring to are cloud service providers (“CSPs”),  
2 companies that provide cloud computing infrastructure and services. The CopperEdge GN8112 was  
3 designed to be integrated into the copper cables that connected the two sever racks in the NVL36x2  
4 within these companies’ data centers. The CSPs that require the GB200’s massive computing power  
5 and are situated to adopt such resource-intensive solutions are typically hyperscalers, a subset of CSPs  
6 that operate massive-scale global networks of data centers which are designed specifically to support  
7 high power densities with liquid cooling solutions. In practice, cable suppliers would purchase  
8 Semtech’s CopperEdge GN8112 after receiving orders from CSPS for a cable design that  
9 incorporated Semtech’s CopperEdge chips.

10       86. Later in the call Defendant Hou claimed that “**the progression from ACC or**  
11 **progression from DAC cable to ACC is going to be inevitable,**” and reiterated “I think we can all  
12 count on the industry, we will continue to push forward with a higher data rate, lower latency  
13 requirements, low power requirement. **And this is a sweet spot and the market is moving towards**  
14 **us. And we continue to innovate, I do believe the best defense for the position is the aggressive**  
15 **development and the engagement with the customers to provide the solutions they need at the**  
16 **time they need. So, I have the high confidence that we’ll continue to lead in this area for a while.**”

17       87. At the time Hou was confidently touting Semtech’s “direct engagement with end  
18 customers,” the “purpose-built solution” for hyperscalers that was CopperEdge, and the “market ...  
19 moving towards” Semtech, two major hyperscalers had already announced their adoption of the  
20 NVL72 model:

- 21       a. On March 18, 2024, Nvidia announced in a press release that it was teaming up with  
22           Amazon to launch two AI systems that would be based on the NVL72 platform. They  
23           also announced that AWS’s “Project Ceiba” supercomputer would be built using  
24           Nvidia’s NVL72.
- 25       b. Also on March 18, 2024, Oracle Computing and Nvidia announced that the companies  
26           were adding NVL72 racks to NVIDIA DGX™ Cloud on OCI, a jointly developed  
27           supercomputing service designed for complex AI training and inference.

1       88. On October 1, 2024, Ming-Chi Kuo, an analyst at TF International Securities,  
2 published a report with the headline, “Nvidia halting development of GB200 NVL36\*2 (dual-rack 72  
3 GPUs version).” Kuo is often referred to as “The Most Accurate Apple Analyst in the World” and  
4 relies on his supply-chain sources to give him early visibility into product specs, launch timelines,  
5 and production volumes. Following his publication of the report that Nvidia was canceling its  
6 NVL36x2 rack, numerous news outlets reported the same, with Tom’s Hardware noting, “He’s a  
7 reputable analyst and appears to have inside information on the matter.”

8       89. The Kuo Report explained, “In the future, unless there are customized requirements,  
9 Nvidia will only offer the single-rack version of GB200 NVL72 (hereafter NVL72), discontinuing  
10 the dual-rack version (NVL36\*2). The single-rack GB200 NVL36 (hereafter NVL36) will maintain  
11 its original development and shipment plans.” Kuo wrote that this change reflected Nvidia’s “attempt  
12 to achieve a better balance between supply chain execution, competitive advantage, and customer  
13 demand under limited resources (discontinuing NVL36\*2 development is one example). This is a  
14 good thing, indicating Nvidia’s more pragmatic approach to the product plan, but the transition may  
15 confuse some market participants regarding supply chain changes … some suppliers, such as those  
16 in assembly and cooling solutions, may face significant impacts on their 2025 outlook.” Kuo listed  
17 five major reasons that Nvidia chose the NVL72 over the NVL36x2: Nvidia’s limited development  
18 resources, the data center space efficiency NVL72 offered, NVL72’s performance in inference  
19 solutions, “major” customer preference, and fulfilling public commitments.

20       90. As for Nvidia’s limited resources, Kuo explained, “The development drop (DevDrop),  
21 starting from mid-November, will expect to converge on NVL72 and NVL36\*2 (as NVL36 is  
22 theoretically prepared to enter the mass production stage), with final quality assurance (QA) for both  
23 to be completed by mid-March 2025. However, with uncertainties in NVL36 development,  
24 simultaneous development of two 72 GPU versions (NVL72 and NVL36\*) is even more  
25 challenging.” Elaborating the space-saving benefit of NVL72, customer preference, and Nvidia’s  
26 public commitments, Kuo wrote, “If cooling design challenges for the sidecar can be well addressed,  
27 NVL72 would require one less rack than NVL36\*2, improving data center space efficiency,” “Clients  
28

1 like Microsoft prefer NVL72 over NVL 36\*2;” and “Nvidia has consistently promoted the single-  
2 rack NVL72 in public. To honor these commitments under resource constraints, NVL72 development  
3 takes priority over NVL36\*2.”

4 91. Semtech’s stock price fell from its closing price of \$45.66 on September 30, 2024 to  
5 close at \$42.08 on October 1, 2024 and it continued to fall to close at \$40.58 on October 3, 2024.

6 92. On October 8, 2024, The Benchmark Company hosted Defendants Hou and Lin for a  
7 virtual fireside chat, which they announced as “the company’s first opportunity to publicly discuss  
8 the recent sell-side speculation of Nvidia ending development of its NVL36x2 platform and the  
9 potential implications for Semtech’s revenue.” After the event, Benchmark published a note on  
10 October 10, 2024 sharing a summary of Hou and Lin’s statements, which sought to refute The Kuo  
11 Report:

12 We believe **management’s comments went a long way toward calming recent sell-**  
13 **side speculation that Nvidia is discontinuing the development of its NVL36x2**  
14 **architectural platform, which is expected to initially be the primary vehicle for**  
15 **ACC implementation**, with the use of 162 Active Copper Cables to connect the  
16 switch ports of the two rack system. Since the sell-side note first published mid-last  
17 week, Semtech has connected with its various cloud service provider customers,  
18 multiple supply chain contacts, cable vendors, and a variety of contacts within  
19 Nvidia’s purchasing organization across multiple geographies, including its Supply  
20 Chain Director and Chief Rack Architect, and **the company has been unable to find**  
21 **any evidence of any changes to Nvidia program development plans.**

22 93. Semtech’s stock price rose after the publication of the Benchmark note, climbing from  
23 its opening price of \$40.85 on October 10, 2024 to close at \$44 per share on October 11, 2024.

24 94. On October 15, 2024, the Open Compute Project (“OCP”)—a global nonprofit focused  
25 on open-source hardware for data centers—kicked off its 2024 Global Summit. The conference had  
26 over 7,000 registrants, with attendees from nearly 1,400 organizations. On the first day of the event,  
27 Nvidia announced in a press release that it would share key portions of its NVL72 design, with no  
28 mention of the NVL36x2.

29 95. Analysts covering the 2024 OCP Global Summit noted the absence of NVL36x2 racks.  
30 Blayne Curtis and Ezra Weener of Jeffries LLC wrote: “Key takeaways are that power/cooling  
31 remains a key focus, **the GB200 NVL72 will be the primary NVDA SKU** (no NVL36 to speak of)  
32 **... [a]lmost every booth had a GB200 NVL72 rack with a different configuration or cooling**

1 system. The two key points that all the ODMs [original device manufacturers] agreed on was that  
2 **NVDA is focused exclusively on the GB200 NVL72 and cancelled the NVL36+36 [i.e., 36x2]. If**  
3 **the NVL36 ever does come to fruition, it won't be for a while.**” They observed that Meta was  
4 “showing an NVL36 solution at their booth but gave little details to the volumes or the prevalence of  
5 the design.”

6 96. In his coverage of the 2024 OCP Global Summit, Samik Chatterjee of JPMorgan  
7 underscored the “advent of liquid cooling and **the resulting densification of racks**” and Amit  
8 Daryanani of Evercore in reporting on “[c]entral themes from the event” noted “**Increasing Power**  
9 **Densities**.... While the upcoming NVL72 rack scale GPU compute solution features a rack density  
10 of ~120 kW, most of the conference participants expect rack densities to trend meaningfully  
11 higher....”

12 97. On October 17, 2024, Ming Chi Kuo reported that, according to surveys of the two  
13 largest GB200 assembly suppliers, Foxconn and Quanta, “Microsoft is currently the most aggressive  
14 customer in procuring GB200.... Microsoft recently planned to acquire customized GB200 NVL72  
15 units before Nvidia DGX GB200 NVL72 (also known as the reference design) enters mass production  
16 (mid-2Q25).” He noted that other CSPs, including Meta, had significantly lower order volumes than  
17 Microsoft.

18 98. In a blog post on November 19, 2024, Microsoft announced the launch of the first  
19 clouds private preview of its Azure ND Gb200 V6 VM series, an AI infrastructure based on the  
20 NVL72 rack design, corroborating Kuo’s earlier reporting regarding its plans to acquire NVL72 units.

21 99. By the time of Semtech’s release of its financial results for the third quarter of FY2025,  
22 filed with the SEC on Form 8-K (“November 8-K”), on November 25, 2024 numerous news outlets  
23 had reported on the cancellation of the NVL36x2, the two largest hyperscalers (Amazon and  
24 Microsoft) had announced their adoption of the NVL72, and the absence of dual rack models and  
25 move toward increasing power densities had been widely noted at the 2024 OCP Global Summit. The  
26 November 8-K did not reflect these developments, however, quoting Defendant Hou, who stated “We  
27 are very pleased to report broad-based growth across each of our end markets, and **particularly in**  
28

1 data center, where we project AI-driven product demand to be a long-term and  
2 transformational growth engine for Semtech.”

3 100. During Semtech’s Q3 2025 Earnings Call held on November 25, 2024, Defendant  
4 Hou went further to allay investor concern regarding Semtech’s ACC revenues. Hou reassured  
5 investors that Semtech continued to engage with its end users and cited the Catalina platform as  
6 support for firmly reiterating that CopperEdge revenue would exceed the earlier stated \$50 million  
7 floor for FY 2026:

8 **There have been multiple reports regarding Blackwell GPU rack designs and**  
9 **timing of volume shipment, which could potentially impact the TAM and timing**  
10 **of ACC market where we provide key enabling IC components. That said, allow**  
11 **me to provide some assurances based on our ecosystem engagement. We have**  
12 **invested time with our customer and end users of the racks over the past few**  
13 **months. We reaffirmed our expectation of exceeding the floor case provided a**  
14 **couple quarters ago based on the firsthand information from the ecosystem.**

12 **I connected with many CSPs, cable manufacturers, and ecosystem participants**  
13 **at the very well attended Open Compute Project or OCP Global Summit last**  
14 **month, where Meta presented, contributed, and demonstrated on the show floor**  
15 **its Catalina platform. Catalina is a dual-rack NVL36 design connected with a**  
16 **CopperEdge enabled ACCs. This appears to be a major platform that multiple**  
17 **CSPs will adopt in the near future for their AI data centers. Several companies are**  
18 **currently conducting design work using our CopperEdge chips in 200-gig traces on**  
19 **their boards to improve signal integrity.**

17 Rack designs have varied and will continue to vary as CSPs deploy various  
18 configurations in their data centers. **But the OCP Global Summit reaffirmed my**  
19 **belief that a count of 200-gig ports connected to cables with a length up to 3**  
20 **meters is a more relevant measure of a CopperEdge SAM. At 200-gig and at a**  
21 **cable length up to 3 meters, CopperEdge will meet signal integrity requirements**  
22 **not readily achievable with direct attached copper, or DAC cables.** And at a lower  
23 latency, lower cost, and much smaller power consumption required compared to DSP-  
24 based retiming solutions.

21 Semtech’s low-power, low-latency CopperEdge solutions have gained positive  
22 attention in the data center ecosystem. And our technical collaboration with a number  
23 of CSPs and cable manufacturers has accelerated since last quarter. **My team’s**  
24 **engagement with architecture decision makers and technical executives in the**  
25 **ecosystem significantly streamlined the time between understanding our**  
26 **customers’ challenges and delivering Semtech’s proposed solutions.** I believe this  
27 is proven to be a positive differentiator in CopperEdge proliferation and improved  
28 Semtech’s NPI time to market.

26 101. At the time of the November earnings call, Amazon and Microsoft, two of the “Big  
27 Three” hyperscalers had announced their adoption of the NVL72, further substantiating Kuo’s earlier  
28 reporting that Nvidia had moved away from the NVL36x2 in favor of the NVL72 based on customer

1 preference.<sup>2</sup> In the call, Hou did not disclose the relative volumes of Meta's racks as compared to  
2 those based on the NVL72 used by Amazon, Microsoft, and Oracle but nevertheless described it as  
3 "major" and used it as support for "reaffirm[ing]" Semtech's expectation of exceeding the \$50 million  
4 floor case. He did not mention any CSPs present at the OCP Global Summit by name other than Meta,  
5 likely because there were no others that exhibited the NVL36x2.

6 102. Cody Grant Acree, an analyst from The Benchmark Company, followed up, asking  
7 "Hong, could you talk about specifically to the Blackwell opportunity? Obviously, there have been  
8 talk about the 36x2 platform discontinuation of development support. It doesn't sound like that that's  
9 happening at a certain CSP that you're working with. I wonder, though, if that's more of a one-off in  
10 the industry. Is that something that you're seeing more broadly continue to be adopted? Or has there  
11 been a change at NVIDIA that is impacting the broader ACC opportunity at that customer program,  
12 but may not be impacting long-term opportunity beyond them? Hou responded:

13 Yes. So Cody, **I definitely have talked to many CSPs, and everyone they have their**  
14 **views, but largely based on how much compute power they wanted to have in that**  
15 **cluster, so right now, 72 GPUs seem to be an ideal cluster size. But it's also**  
16 **bounded by their ability in the data center infrastructure to cool the racks. And**  
17 **36x2 seem to be pretty ideal, and for one leading CSP, we know that is their**  
18 **baseline for 2025 and '26 and for as long as they use Blackwell.**

19 And I have heard some others using NVL 72, and where we don't have the  
20 contribution for backplane, but at the front end, they either need to connect 1.6T  
21 ports or 800 gigabit ports to top-of-the-rack or end-of-the-row switches. I think  
22 that's where LPO can really have a good -- provide a very differentiating solution  
23 because of the low power consumption. So I think that is probably why the industry is  
pushing very hard on the LPO solutions.

24 But as for the different variety of racks, **we're going to continue to hear reports in**  
25 **the future, just for the aspiration to continue to increase the number of GPUs in**  
26 **the cluster to be able to handle more -- the model with more parameters. So it's**  
27 **going to be dynamic.** That's why I wanted to really -- I believe that counting the  
number of ports of the 200-gigabit per second will be a more relevant measure going  
forward, rather than just steer at how many of the NVL 36 racks are out there.

28 103. Craig Andrew of Ellis B. Riley Securities asked: "So I think it was at least 3 quarters  
ago that we started talking about what seemed to be a single company or single product opportunity  
as having a \$100 million base opportunity to it that would be in the '25-'26 timeframe. The question

27 <sup>2</sup> The "Big Three" hyperscalers encompass the three hyperscalers with the largest global market  
shares: Amazon, Microsoft and Google.

1 is this, as the business looks like it's gotten significantly broader customer and application level  
2 exposure and design-in potential, how do we think about the size of this business 2 to 3 years down  
3 the road?" Hou responded:

4 Craig, that's a great question. **I think the opportunity started with as a single**  
5 **company, single platform, and that is a great trailblazer for this new product**  
6 **that's accelerated our time to market. But right now, as you mentioned, as we**  
7 **observed, this capability, is a broadly recognized and beyond that single**  
8 **company, beyond that single platform.** So that's why we have been thinking about  
9 and to qualify the opportunity by counting the number of 200-gigabit per second ports.

10 The reason for that is everywhere you have 200-gigabit per second transport, you have  
11 the same challenge. You need the same solution for signal integrity. And with the  
12 Tomahawk 6 rolling out right around the corner, well, maybe 6 to 12 months, and all  
13 the ports, it's going to be 200-gig, and it's only increasing our opportunities. So, so  
14 far, the application has been for scale up. But with the scale-out added into the  
15 opportunity pool, we got a tremendous opportunity in there. **So probably a better, a**  
16 **more relevant measure is the quantification of the number of 200-gigabit ports.**  
17 **And then you can put a multiplier on adoption ratio, 30%, 50%, or 70%. So we**  
18 **are in the process of establishing that model to quantify the opportunity so that**  
19 **people will not steer at, so how many NVL 36 racks are being forecasted and**  
20 **being built.** So we will report that progress as we're making good progress.

21 104. Hou's allusions to opportunities beyond the NVL36x2 emphasized the conservative  
22 nature of the \$50 million floor case (which was based entirely on the NVL36x2) that he reaffirmed.  
23 Critical to this floor case, so it seemed, was Meta's adoption of the NVL36x2 architecture in its  
24 Catalina platform. Meta, however, made no mention of the dual rack structure in its press release on  
25 the day of the OCP. Instead, it emphasized the Catalina was "capable of supporting up to 140kW,"  
26 suggesting compatibility with the higher power demands of the NVL72.

27 105. The next day, on November 26, 2024, Director Hankin, who had been a Semtech  
28 directors since 1998 and served as chairman of the board from 2006 through June 10, 2024, resigned  
29 effective immediately and without public explanation.

106. Semtech filed its third quarter 2025 10-Q with the SEC on December 3, 2024, and the  
2 next day filed a shelf registration and prospectus for a public offering of new shares of stock.

107. On December 9, 2024, two weeks after the 3Q25 earnings call, Semtech closed on a  
2 public offering of 10.5 million shares at a price of \$63/share, raising \$661 million dollars in gross  
3 proceeds with which to pay down debt.

108. Semtech continued to tout the ACC growth opportunity for FY2026 into January 2025.

1 109. On January 10, 2025, Piper Sandler & Co. published a note about having “had the  
2 opportunity to meet with the CEO of SMTC at CES [a trade show] this week”:

3 Overall, we continue to be bullish on SMTC’s story following our conversation and  
4 remain positive on the company’s NT [near term] fundamental prospects. Overall,  
5 immediate growth coming from ACC is set to continue given major cloud adoption of  
6 the NVL36x2 Blackwell configuration from NVDA.... It appears that several of the  
7 large cloud players are committing to multi-generational support for ACC technology  
8 where SMTC is the leader. Amongst these, Meta has committed to multi-generational  
9 support while another large tier-1 cloud player is also looking at the deployment of the  
10 NVL36x2 configuration.

110. And the next day, Roth Capital Partners issued its own note summarizing discussions  
11 with Semtech management at the CES trade show: “Mgmt. continues to underscore 1. Expansion  
12 above its prior \$100M FY26 TAM, 2. Increasing interest beyond initial NVDA (NC) design tractions,  
13 and 3. Continued 200Gbps port growth. In general, the ACC remains on track with NVDA’s  
14 Blackwell.”

111. On January 15, 2025, IBM announced its partnership with CoreWeave, a specialized  
12 cloud computing company, to deliver one of the first AI supercomputers powered by Nvidia’s NVL72  
13 systems. IBM was the fourth major hyperscaler to announce the adoption of NVL72; Meta remained  
14 the only one that had adopted the NVL36x2 (although it had yet to make any public announcement  
15 to that effect).

112. On January 21, 2025, Needham & Co. published a report on takeaways from having  
13 hosted Semtech’s management (along with that of other semiconductor companies) at the Annual  
14 Needham Growth Conference. Needham wrote that “Management remains comfortable with its floor  
15 case ACC TAM of \$100MM, noting it continues to be supported by one customer for one use case....  
16 Beyond this single use case, we believe management is increasingly confident in additional  
17 opportunities for its linear equalizers....”

113. Just two and a half weeks later, Semtech abruptly changed its tune.

114. On February 6, 2025, analysts from Robert W. Baird & Co.—who served as a co-  
25 manager of Semtech’s December 2024 offering—issued a note trimming Semtech stock’s price target  
26 from \$80 to \$60 because they have observed slower-than-expected uptake of Semtech’s active copper  
27

1 cables and because “ACC benchmarking activity has been muted in the past few months outside of  
2 Meta.” Therefore, wrote Baird analysts, “investors should brace for near-term turbulence.”

3 115. On this news, Semtech’s stock price fell 10%, from a close of \$60.50 on February 6,  
4 2025, to close at \$54.51 per share on February 7, 2025.

5 116. Then, after close of trading on Friday, February 7, 2025—mid-first quarter of fiscal  
6 year 2026—Semtech issued a Regulation FD Disclosure on SEC Form 8-K, starkly reversing course  
7 on Hou’s repeated affirmations of the floor case for ACC sales in FY2026:

8 **For fiscal year 2026, net sales from its CopperEdge products used in active copper  
9 cables are expected to be lower than the Company’s previously disclosed floor  
10 case estimate of \$50 million due to rack architecture changes, with no expected  
ramp-up over the course of fiscal year 2026. The Company’s revised estimates are  
based on recent feedback from a server rack customer and correlated to  
discussions with end users of the server rack platform.**

11 117. Notably, no changes had been announced regarding Meta’s plan to deploy customized  
12 NVL36x2 racks. Rather, it appeared that their order volumes would be insufficient to meet Semtech’s  
13 floor case ACC revenue predictions.

14 118. On February 10, 2025, the first trading day following Semtech’s mid-quarter about-  
15 face, Semtech’s common stock plummeted 31% to close at \$37.60 per share down from its closing  
16 price of \$54.51 on Friday February 7, 2025.

17 119. On February 21, 2025, in a blog post, Google announced the launch of its A4X virtual  
18 machine (VMs) powered by Nvidia’s NVL72.

19 120. On March 25, 2025, Loop Capital analyst Ananda Baruah announced that Apple was  
20 in the process of placing orders for approximately 200 NVL72 racks (amounting to around \$1billion).

21 **DEFENDANTS’ MATERIALLY FALSE AND MISLEADING  
STATEMENTS AND OMISSIONS**

22 121. On October 10, 2024, The Benchmark Company issued a report summarizing the  
23 conversation held earlier that week, on October 8, 2024, between Senior Analyst Cody Acree, Hou  
24 and Lin during a virtual fireside chat. The call was the Company’s first opportunity to publicly discuss  
25 the chatter—fueled by Ming-Chi Kuo’s October 1, 2024 report—surrounding Nivida ending  
26 development of its NVL36x2 platform.  
27

1       122. Acree wrote that Benchmark “came away from the call highly encouraged by the  
2 positive tone from leadership” and that “management’s comments went a long way toward calming  
3 recent sell-side speculation that Nvidia is discontinuing the development of its NVL36x2.”  
4 Specifically, he wrote that “[s]ince the sell-side note first published mid-last week, ***Semtech has***  
5 ***connected with its various cloud service provider customers, multiple supply chain contacts, cable***  
6 ***vendors, and a variety of contacts within Nvidia’s purchasing organization across multiple***  
7 ***geographies, including its Supply Chain Director and Chief Rack Architect and the company has***  
8 ***been unable to find any evidence of any changes to Nvidia program deployment plans....”***

9       123. The italicized statement referenced above in ¶122 was materially false, misleading and  
10 omitted material facts because at the time Hou and Lin made them, they knew or recklessly  
11 disregarded that Nvidia was discontinuing its NVL36x2 rack due to limited development resources,  
12 the need to optimize data center space and inference efficiency, and customer preference. Had Hou  
13 and Lin connected with the cloud service providers, supply chain contacts, cable vendors, and their  
14 contacts within Nvidia’s purchasing organization, as they claimed to, they would have learned of  
15 these factors resulting in Nvidia’s decision to discontinue the NVL36x2. At the time, two major  
16 hyperscalers had already made public announcements launching AI programs based on the NVL72  
17 architecture, indicating that they had the requisite cooling infrastructure to support the single rack  
18 architecture and would not be adopting a rack architecture based on the less efficient, and since  
19 discontinued, NVL36x2. It was therefore materially false and misleading for Hou and Lin to state that  
20 Semtech “has been unable to find any evidence of any changes to Nvidia program deployment plans.”  
21 Indeed, Semtech’s February 7, 2025 disclosure that customer rack “architecture changes” meant FY  
22 2026 CopperEdge sales would not even meet the floor case of \$50 million confirmed the Kuo Report  
23 that Nvidia had discontinued the NVL36x2 rack configuration. And this disclosure came only four  
24 months after Defendants Hou and Lin’s statements to Benchmark, which in turn came only one week  
25 after the Kuo Report. Accordingly, while Defendants assured investors that Nvidia had made no  
26 changes to its NVL36x2 plans—which was the sole basis of the ACC floor case for FY 2026—Nvidia  
27 had in fact decided to discontinue development of and support for the NVL36x2 model in favor of  
28

1 the single rack NVL36 and NVL72 configurations making Defendants statements materially false  
2 and misleading when made.

3 124. October 22, 2024, Piper Sandler & Co. published a note stating, “We had the chance  
4 to host the management of SMTA for a call with investors last week to specifically address their  
5 opportunities within the data center. Overall we walked away confident that prospects for SMTA  
6 remain intact.... ***CEO Hou reiterated SMTA’s ACC expectations*** which we feel is positive given  
7 concerns around potential changes in demand for different rack configurations swirling around.”

8 125. The italicized statement referenced above in ¶124 was materially false, misleading and  
9 omitted material facts because at the time Hou made it, he knew, or recklessly disregarded, that Nvidia  
10 was discontinuing its NVL36x2 rack due to limited development resources, the need to optimize data  
11 center space and inference efficiency, and customer preference. It was therefore misleading to  
12 reiterate the previously stated \$50 million floor case for FY2026 ACC revenue when the sole stated  
13 basis for this floor case—a single rack solution for a single customer—evaporated with the  
14 discontinuation of the NVL36x2. Indeed, Semtech’s February 7, 2025 disclosure that customer rack  
15 “architecture changes” meant FY 2026 CopperEdge sales would not meet even the floor case of \$50  
16 million confirmed the Kuo Report that Nvidia had discontinued the NVL36x2 rack configuration.  
17 And this disclosure came less than four months after Defendant Hou reiterated Semtech’s ACC  
18 expectations to Piper Sandler, which in turn came only three weeks after the Kuo Report.  
19 Accordingly, while Hou assured investors that the floor case for FY2026 ACC sales remained  
20 unchanged, he knew, or recklessly disregarded, that Nvidia had in fact decided to discontinue  
21 development of and support for the NVL36x2 model in favor of the single rack NVL36 and NVL72  
22 configurations.

23 126. On November 25, 2024, Semtech held its Q3 2025 Earnings Call (“November 25,  
24 2024 Earnings Call”). In his opening remarks, Defendant Hou acknowledged “reports regarding  
25 Blackwell GPU rack designs,” but offered “some assurances based on our ecosystem engagement,”  
26 which was the stated basis for Semtech having “reaffirmed [its] expectation of exceeding the floor  
27 case” for FY2026 ACC revenue:

28

1 Moving to end markets. For Q3, infrastructure net sales were \$65.8 million, up 24%  
2 sequentially and up 52% year-over-year. Net sales for the data center were a record  
3 \$43.1 million, up 58% sequentially and up 78% year-over-year. Consistent with our  
4 outlook for Q3, shipments commenced on our CopperEdge 200-gig linear redrivers  
used in 1.6T active copper cable, or ACC applications. CopperEdge net sales were in  
the high-single-digit million dollars. ***We expect incrementally higher contribution in  
our Q4, followed by a ramp progressing through FY '26.***

5 There have been multiple reports regarding Blackwell GPU rack designs and timing  
6 of volume shipment, which could potentially impact the TAM and timing of ACC  
7 market where we provide key enabling IC components. ***That said, allow me to provide  
some assurances based on our ecosystem engagement. We have invested time with  
our customer and end users of the racks over the past few months. We reaffirmed  
our expectation of exceeding the floor case provided a couple quarters ago based on  
the firsthand information from the ecosystem.***

8 127. The italicized statements referenced above in ¶126 were materially misleading and  
9 omitted material facts because at the time Hou spoke, he knew or recklessly disregarded that Nvidia  
10 was discontinuing its NVL36x2 rack due to limited development resources, the need to optimize data  
11 center space and inference efficiency, and customer preference. It was therefore misleading to  
12 reiterate the previously stated \$50 million floor case for FY2026 ACC revenue—and forecast “a ramp  
13 progressing through FY ‘26”—when the sole stated basis for this floor case—a single rack solution  
14 for a single customer—evaporated with the discontinuation of the NVL36x2. Furthermore, it was  
15 misleading to “provide some assurances based on our ecosystem engagement” that “Blackwell GPU  
16 rack designs and timing of volume shipment” would not “impact the TAM and timing of ACC market  
17 where we provide key enabling IC components.” Semtech’s “ecosystem engagement” would have  
18 revealed the reasons that Nvidia discontinued the NVL36x2 racks, in particular, the need to optimize  
19 data center space and inference efficiency and customer preference for the single-rack NVL72, and it  
20 certainly would have revealed that three major hyperscalers had launched AI programs based on the  
21 NVL72 architecture, indicating that they had the requisite cooling infrastructure to support the single  
22 rack architecture and would not be adopting a rack architecture based on the less efficient, and since  
23 discontinued, NVL36x2. Indeed, Semtech’s February 7, 2025 disclosure that customer rack  
24 “architecture changes” meant FY 2026 CopperEdge sales would not meet even the floor case of \$50  
25 million confirmed the Kuo Report that Nvidia had discontinued the NVL36x2 rack configuration.  
26 And this disclosure came just over two months after Defendant Hou reaffirmed Semtech’s ACC  
27 expectations, which in turn came only seven weeks after the Kuo Report. Accordingly, while Hou  
28

1 assured investors that the floor case for FY2026 ACC sales remained unchanged (and essentially  
2 improved), he knew, or recklessly disregarded, that Nvidia had, in fact, decided to discontinue  
3 development of and support for the NVL36x2 model in favor of the single rack NVL36 and NVL72  
4 configurations.

5 128. Moreover, on November 26, 2025—the day after Hou made these statements—  
6 Rockell Hankin, who had been a Semtech director for 27 years (18 of which as chairman) resigned  
7 effective immediately and without public explanation. The timing and circumstance of this  
8 resignation by such a long-tenured director supports the inference that Hou’s statements were  
9 materially misleading when made. At the time Hou made these statements, he (and Hankin) knew of  
10 the public offering to be announced in just nine days. The shelf registration and prospectus for the  
11 public offering were filed the day after the quarter financial report for third quarter 2025. Had Hankin  
12 remained on the Board, he would have been named as a director of Semtech in the S-3 and had to  
13 sign the offering documents just the same as the rest of the Board. Hankin’s abrupt resignation  
14 suggests that did not want to put his name on the offering documents in the wake of Hou’s false and  
15 misleading statements. The public offering was to be the ultimate execution of Hou’s (and Lion Point  
16 Capital’s) stated primary objective to reduce Semtech’s debt. The timing and critical importance (to  
17 Semtech’s livelihood) of the public offering provided a clear motivation for Hou to delay truthful  
18 disclosure that the “floor case” for FY2026 ACC sales had been completely undermined by Nvidia’s  
19 discontinuation of the NVL36x2.

20 129. Later during the November 25, 2024 Earnings Call, an analyst asked Defendant Hou  
21 to elaborate on the floor TAM for ACCs. Defendant Hou did so, stating:

22 Thank you, Quinn. Yes, so as we discussed at OCP, you participated as well, the  
23 Catalina is going to be the main platform. We know, one, major CSP is going to be  
24 used at the baseline for deployment in 2025 and beyond as long as they use GB200  
25 GPU processors. And we know that standard is getting traction, but I haven’t  
26 [indiscernible] the detailed confirmation on which CSP is using in what proportion.  
27 Another major progress I will say since the announcement of ACC is awareness level  
by the CSPs on this elegant capability and solution to improve the signal integrity and  
improve the link budget by adding very small fraction of power consumption, no  
latency and very little, well, incremental cost as well. So now we are seeing many --  
several CSPs and other companies are considering using the linear equalizer in their  
entire trace design can be on a board, can be in the connectors, can be in the cables as  
28

1 well. *So that gives me the confidence that after the OCP that our floor case guided*  
2 *a couple of quarters ago is indeed a floor case.*

3 130. In response to an analyst's question regarding growth for ACC in the January quarter  
4 and the remainder of the year, Defendant Lin reiterated Semtech's guidance:

5 4 Harsh, we said this in Q3, was high-single-digit millions in Q3. *So it's a nominal*  
6 *ramp in Q4, and then it progressively ramps through FY '26 through Q1, Q2, Q3,*  
7 *and Q4. So we've been pretty consistent with that messaging, and we don't really see*  
8 *a change in that timing.*

9 131. The italicized statements identified above in ¶¶129-130 were false, materially  
10 misleading and omitted material facts when made for the reasons identified in ¶127¶127-128.  
11 Contrary to Defendant Lin claiming that ACC revenue would "progressively ramp[] through FY '26"  
12 and Defendant Hou reiterating that "our floor case guided a couple of quarters ago is indeed a floor  
13 case," Hou and Lin knew, or in reckless disregard for the truth, that Semtech's floor case for FY2026  
14 ACC revenue was entirely premised upon the use of CopperEdge in the ACCs linking the two racks  
15 on the NVL36x2, whose development Nvidia had discontinued months prior.

16 132. On January 11, 2025, Roth Capital Partners issued a note summarizing discussions  
17 with Semtech management at the CES trade show: "***Mgmt. continues to underscore 1. Expansion***  
18 ***above its prior \$100M FY26 TAM, 2. Increasing interest beyond initial NVDA (NC) design tractions,***  
19 ***and 3. Continued 200Gbps port growth. In general, the ACC remains on track with NVDA's***  
20 ***Blackwell.***"

21 133. The italicized statement referenced above in ¶132 was materially false, misleading and  
22 omitted material facts because at the time Hou made it, he knew, or recklessly disregarded, that Nvidia  
23 was planning on discontinuing its NVL36x2 rack due to limited development resources, the need to  
24 optimize data center space and inference efficiency, and customer preference. It was therefore  
25 misleading to reiterate the previously stated \$50 million floor case for FY2026 ACC revenue when  
26 the sole stated basis for this floor case—a single rack solution for a single customer—evaporated with  
27 the discontinuation of the NVL36x2. Indeed, Semtech's February 7, 2025 disclosure that customer  
28 rack "architecture changes" meant FY 2026 CopperEdge sales would not meet even the floor case of  
\$50 million confirmed the Kuo Report that Nvidia had discontinued the NVL36x2 rack configuration.  
And this disclosure came less than one month after Hou reiterated Semtech's ACC expectations to

1 Roth Capital Partners. Accordingly, while Hou assured investors that the floor case for FY2026 ACC  
2 sales remained unchanged, he knew, or recklessly disregarded, that Nvidia had in fact decided to  
3 discontinue development of and support for the NVL36x2 model in favor of the single rack NVL36  
4 and NVL72 configurations.

5 134. On January 21, 2025, Needham & Co. published a report on takeaways from having  
6 hosted Semtech's management (along with that of other semiconductor companies) at the Annual  
7 Needham Growth Conference. Needham wrote that "***Management remains comfortable with its***  
8 ***floor case ACC TAM of \$100MM, noting it continues to be supported by one customer for one use***  
9 ***case.... Beyond this single use case, we believe management is increasingly confident in additional***  
10 ***opportunities for its linear equalizers....***"

11 135. The italicized statement referenced above in ¶134 was materially false, misleading  
12 and omitted material facts because at the time Hou made it, he knew or recklessly disregarded that  
13 Nvidia was planning on discontinuing its NVL36x2 rack due to limited development resources, the  
14 need to optimize data center space and inference efficiency, and customer preference. It was  
15 therefore misleading to reiterate the previously stated \$50 million floor case for FY2026 ACC  
16 revenue when the sole stated basis for this floor case—a single rack solution for a single  
17 customer—evaporated with the discontinuation of the NVL36x2. Indeed, Semtech's February 7,  
18 2025 disclosure that customer rack "architecture changes" meant FY 2026 CopperEdge sales would  
19 not meet even the floor case of \$50 million confirmed the Kuo Report that Nvidia had discontinued  
20 the NVL36x2 rack configuration. And this disclosure came less than *two weeks* after Semtech's  
21 management expressed its "comfort[]" with the \$50 million floor case to Needham & Co.  
22 Furthermore, only six days prior, IBM announced its adoption of the NVL72, becoming the fourth  
23 major hyperscaler to do so. Accordingly, while Hou assured investors that the floor case for  
24 FY2026 ACC sales remained unchanged, he knew or recklessly disregarded that Nvidia had in fact  
25 discontinued development of and support for the NVL36x2 model in favor of the single rack  
26 NVL36 and NVL72 configurations.

27  
28

## 1 THE TRUTH EMERGES

2 136. On February 6, 2025, analysts from Robert W. Baird & Co.—who served as a co-  
3 manager of Semtech’s December 2024 offering—issued a note trimming Semtech stock’s price target  
4 from \$80 to \$60 because they had observed slower-than-expected uptake of Semtech’s active copper  
5 cables and because “ACC benchmarking activity has been muted in the past few months outside of  
6 Meta.” Therefore, wrote Baird analysts, “investors should brace for near-term turbulence.”

7 137. At the time of Baird’s report, four major hyperscalers—Amazon, Oracle Computing,  
8 Microsoft, and IBM—had announced their plans to adopt the NVL72 model. Meta, the customer  
9 that Hou had touted throughout the class period,

10 138. On this news, Semtech’s stock price fell 10%, from a close of \$60.50 on February 6,  
11 2025 to close at \$54.51 per share on February 7, 2025.

12 139. After the close of trading on February 7, 2025, Semtech issued a press release, filed  
13 on Form 8-K with the SEC, which announced that net sales from its CopperEdge products used in  
14 ACCs were “expected to be lower than the Company’s previously disclosed floor case of \$50 million  
15 due to rack architecture changes, with no expected ramp-up over the course of fiscal year 2026.” The  
16 press release went on to state that the revised estimates were “based on recent feedback from a server  
17 rack customer and correlated to discussions with end users of the server rack platform.” This  
18 disclosure came mid-quarter, just twelve days after the close of FY2025 and before Semtech filed its  
19 10-K for 2025.

20 140. Analysts covering Semtech universally acknowledged that the “server rack customer”  
21 was Nvidia and the “rack architecture changes” referred to Nvidia’s decision to discontinue the  
22 NVL36x2 model. Furthermore, analysts highlighted the same reasons for Nvidia’s discontinuation of  
23 the NVL36x2 model that were initially reported on by Ming-Chi Kuo (and repeatedly denied by  
24 Defendants). Cody Acree of the Benchmark Company wrote: “This shortfall looks to be because of  
25 an architectural change made at Semtech’s industry partner, Nvidia.... We expect the GPU supplier  
26 has decided to only support its single rack NVL72 systems versus its NVL36x2 alternative when it  
27 ramps new systems.... We believe this decision was made as Nvidia needed to prioritize its resources

1 to ensure a smooth generational transition to a system that we have heard has been struggling with  
2 overheating issues.”

3 141. On this news, Semtech’s stock price fell \$16.91, or 31%, to close at \$37.60 per share  
4 on February 10, 2025, on unusually heavy trading volume. All totaled, Semtech’s stock price fell by  
5 almost 38% on the news that Semtech would not meet its floor case of \$50 million in CopperEdge  
6 sales. This eliminated almost \$2 billion in Semtech’s market capitalization.

7 142. Less than two weeks after Semtech’s press release, on February 21, 2025, Google  
8 announced the launch of its A4X virtual machine (VMs) powered by Nvidia’s NVL72. Google was  
9 the last of the major public hyperscalers to announce their adoption of Nvidia’s single-rack model.

10 143. The Kuo Report reported that Nvidia was discontinuing the NVL36x2 due to customer  
11 feedback, efficiency considerations, and limited development resources. Semtech’s stated “ecosystem  
12 engagement”—if it happened as described—would have alerted them to the issues customers had  
13 with the NVL36x2 that contributed towards its discontinuation (and the result end of the basis for the  
14 FY2026 Copper Edge revenue “floor case”). Defendant Hou repeatedly touted Meta’s development  
15 of a rack based on the NVL36x2, all the while knowing that every other major hyperscaler was  
16 foregoing the NVL36x2 in favor of the more efficient, more powerful, NVL72. As reported by  
17 analysts from Robert W. Baird & Co. and validated by Semtech’s Form 8-K, Meta’s ACC  
18 benchmarking activity would prove insufficient for Semtech to meet its floor case.

19 144. Nevertheless, had Nvidia not cancelled the NVL36x2 rack server system, Semtech  
20 would have reaped the base case \$50 million in sales as it represented, and possibly more. The  
21 cancellation of the NVL36x2 rack server system not only would lead to less sales by Semtech but,  
22 more importantly, would dramatically impact its ability to sell stock in a secondary offering and  
23 reduce its crippling debt. So, Hou and Lin misled investors that Nvidia had not cancelled development  
24 of the NVL36x2 model, that Semtech remained on track to exceed the ACC revenue floor for FY2026,  
25 with growth ramping through FY2026, which enabled Semtech to sell \$661 million worth of stock  
26 and reduce its crippling debt load.

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## **ADDITIONAL SCIENTER ALLEGATIONS**

2        145. As alleged herein, Defendants acted with scienter because they knew or recklessly  
3 disregarded that their public statements were materially false and misleading; knew that their  
4 statements would be disseminated to the investing public; and knowingly and substantially  
5 participated or acquiesced in the issuance or dissemination of their statements in actions intended to  
6 manipulate the market price of Semtech's common stock as primary violations of the federal  
7 securities laws.

8        146. Defendants sought to delay the release of the bad news that Semtech's FY2026 ACC  
9 revenue opportunity had evaporated until after a planned December 2024 public offering of stock.  
10 Semtech's immense debt from acquiring Sierra Wireless was proving to be an existential threat and  
11 had already forced the Company to thrice renegotiate the terms of their credit agreements and issue  
12 \$250 million in convertible notes. Hou, a director appointed after Lion Point Capital's takeover and  
13 with its backing, was named CEO after the abrupt termination of former CEO Pickle and publicly  
14 prioritized improving Semtech's balance sheet since the first day of his tenure. Defendants therefore  
15 sought to maximize the funds raised in the December 2024 public offering by contradicting the Kuo  
16 Report just long enough to inflate Semtech's stock price and raise enough money to pay down a  
17 significant portion of their debt.

18 147. Hou joined Semtech's Board in June 2023, filling one of two new director positions  
19 achieved in an agreement between activist investor Lion Point Capital and Semtech in March 2023.  
20 The Board, during Hou's tenure as director, fired Semtech's CEO of seventeen years and charged the  
21 new CEO, Pickle, with reducing operational expenses and improving Semtech's balance sheet. On  
22 June 6, 2024, Pickle's position as CEO was abruptly terminated and Semtech announced Hou's  
23 appointment, effective immediately. Semtech's stock plummeted by 20%. In the press release  
24 announcing Hou's appointment, Hou is quoted: "I am acutely focused on maintaining our financial  
25 discipline while we position Semtech to capitalize on the compelling technological trends ahead. I  
26 am confident in our goals to generate strong and sustained value for our stockholders long into the

1 future.” Throughout Hou’s tenure as CEO, he repeatedly emphasized that his number one near-term  
2 priority was reducing debt through the use of asset sales.

3 148. Hou and Lin knew of the planned December offering before they misled investors in  
4 October and November 2024. Indeed, according to Semtech’s 3Q 10-Q filed December 3, 2024, Lin  
5 entered into a 10b5-1 trading plan on September 17, 2024 but set it to hold off on effecting trades  
6 until December 17, 2024—just after the conclusion of the public offering. Lin’s trading plan—which  
7 aimed to sell 68,113 shares of stock between December 17, 2024 and September 9, 2025—suggested  
8 that he believed the FY2026 ACC revenue was important to Semtech’s near-term stock price  
9 (material) and positive.

10 149. On December 5, 2024, Semtech announced the pricing of an underwritten public  
11 offering of 9,126,985 shares of its common stock at a price of \$63.00 per share. The offering closed  
12 on December 9, 2024, and raised approximately \$661 million in proceeds, which the Company used  
13 to substantially reduce its debt, lowering the Company’s debt leverage ratio from 11.2x to 2.2x.

14 150. Defendants were motivated to engage in the fraudulent course of conduct alleged  
15 herein in order to complete the Secondary Offering on December 9, 2024 at the artificially inflated  
16 price of \$63.00 per share. \$661 million in proceeds would have been unobtainable if not for  
17 Defendants’ fraudulent concealment of Nvidia’s plan to discontinue the NVL36x2. Indeed, had  
18 Semtech confirmed the discontinuation of Nvidia’s NVL36x2 rack configuration and revised down  
19 its floor case for FY2026 ACC revenue on or before December 5, 2024, Semtech’s share price would  
20 have declined and the secondary offering would have raised far less cash with which Semtech could  
21 pay down debt.

22 151. Defendant Lin was also personally motivated to maintain an inflated price for Semtech  
23 common stock to maximize returns on trades prescribed by his 10b5-1 plan. At the time of his  
24 misstatements, Lin would have known about his 10b5-1 plan because it was adopted prior to the start  
25 of the Class Period, on September 17, 2024. This created a strong motivation to preserve or further  
26 inflate Semtech’s stock price until Lin could execute his pre-existing plan to sell stock.

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1       152. Pursuant to his 10b5-1 trading plan, on December 17, 2024, Lin sold 6,114 shares at  
2 an average price of \$65.74 per share, for a profit of \$401,950. Also pursuant to his 10b5-1 trading  
3 plan, on January 2 and 3, 2025, Lin sold 1,359 shares, at an average price of \$65.15 per share, for a  
4 profit of \$88,534. Also pursuant to his 10b5-1 trading plan, on January 29, 2025, Lin sold 2,990  
5 shares, at an average price of \$59.45 per share, for a profit of \$177,749. Before December 17, 2024,  
6 Lin held 8,182 shares of Semtech stock. By the end of January 2025, Lin held 5,446 shares, having  
7 sold approximately 10,463 shares in the prior two months. Lin sold nearly two-thirds of the stock he  
8 acquired by the end of January 2025.

9       153. The over \$650,000 in profits made by Defendant Lin's stock sales was a significant  
10 sum of money for Lin. At minimum, it materially exceeded his annual salary of \$420,000. Defendant  
11 Lin reaped over \$650,000 in profit as a result of his own false and misleading statements.

12       154. Until these trades, Lin had never sold a single share of Semtech common stock since  
13 being hired as Semtech's CFO in September 2023.

14       155. Had Semtech confirmed the discontinuation of Nvidia's NVL36x2 rack configuration  
15 and revised down its floor case for FY2026 ACC revenue on or before December 17, 2024, Semtech's  
16 share price would have declined and Lin's trading plan either would not have triggered at all or his  
17 sales would have occurred at substantially lower prices.

18       156. Under SEC Rule 10b5-1(c), corporate insiders may create plans to trade securities in  
19 the future. To use the plan as an affirmative defense, the plan must specify the "amount of securities  
20 to be purchased or sold and the price at which and the date on which the securities were to be  
21 purchased or sold;" or include "a written formula ... for determining the amount of securities to be  
22 purchased or sold and the price at which and the date on which the securities were to be purchased or  
23 sold;" or remove discretion from the executive over "how, when, or whether to effect purchases or  
24 sales." The defense is available only to executives who acted in good faith with respect to their trading  
25 plans.

26       157. 10b5-1 trades typically specify the times or conditions under which trades will occur.  
27 For example, trades may occur at pre-scheduled dates, or according to algorithms or formulas that  
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1 trigger when a stock price hits a pre-determined benchmark or rises by a certain dollar amount.  
2 Executives are not required to disclose the particular instructions under which their 10b5-1 plans  
3 operate. Additionally, executives may modify their 10b5-1 plans without disclosure so long as they  
4 are not in possession of material, non-public information at the time of the modification.

5 158. Rule 10b5-1(c) was intended to reduce opportunistic trading on the basis of non-public  
6 information. However, recent scholarship exposed how insiders often take advantage of Rule 10b5-1  
7 trading plans in order to engage in opportunistic trades. *See* M. Todd Henderson et. al., *Offensive  
8 Disclosure: How Voluntary Disclosure Can Increase Returns from Insider Trading*, 103 Geo. L.J.  
9 1275, 1278 (2015) (“In fact, we find that the rule has had the opposite effect of increasing  
10 opportunities for insider trading.... [I]nsiders who use and disclose 10b5-1 plans seem to time their  
11 sales ahead of drops in stock prices in ways that insiders who use the plans but do not disclose do not,  
12 and in ways that are not likely explained by chance or any explanation other than their knowledge  
13 and use of material nonpublic information.”); David F. Larecker, Bradford Lynch, Phillip Quinn, Brian  
14 Tayan, & Daniel J. Taylor, *Gaming the System: Three ‘Red Flags’ of Potential 10b5-1 Abuse*, Rock  
15 Center for Corporate Governance at Stanford University (Jan. 19, 2021), *available at*  
16 <https://ssrn.com/abstract=3769567> (“We show that a subset of executives use 10b5-1 plans to engage  
17 in opportunistic, large-scale selling of company shares.”); *see also* Tom McGinty & Mark Maremont,  
18 *The Routine Executive Stock Sales That Raise Questions of Insider Trading*, THE WALL STREET  
19 JOURNAL (June 29, 2022) (“[T]rades made under preset plans on average outperform trades not  
20 conducted under such plans.”).

21 159. The mounting evidence that Rule 10b5-1(c) was having the “unintended consequence”  
22 of “allow[ing] corporate insiders to hide behind these trading plans” as if they were “get-out-of-jail-  
23 free card[s]” prompted the SEC to adopt new disclosure rules.<sup>3</sup> As then-SEC Chairman Gary Gensler  
24 explained the need for the amendments: “About 20 years ago, the SEC established Exchange Act  
25 Rule 10b5-1. This rule provided affirmative defenses for corporate insiders and companies to buy and

26 <sup>3</sup> Jonathan Weil, *New SEC Rules Target Corporate Insider Trading*, THE WALL STREET JOURNAL  
27 (Feb. 13, 2023), *available at* <https://www.wsj.com/articles/new-sec-rules-target-corporate-insider-trading-4f1c64e8>.

1 sell company stock as long as they adopted their trading plans in good faith — before becoming aware  
2 of material nonpublic information.... Over the past two decades, though, we've heard from courts,  
3 commenters, and members of Congress that insiders have sought to benefit from the rule's liability  
4 protections while trading securities opportunistically on the basis of material nonpublic information.”<sup>4</sup>

5 160. The final amended regulations, published December 29, 2022 and made effective  
6 April 1, 2023, mandate that, among other things, officers and directors observe lengthy “cooling-off”  
7 periods following the adoption of their 10b5-1 plans in which they must not trade and that companies  
8 list in their quarterly financial reports the existence of any 10b5-1 plans, the dates of their adoption  
9 and/or termination, the duration of the trading plans, and the number of shares to be traded.<sup>5</sup> Semtech  
10 disclosed only these required details about Lin’s 10b5-1 plan in its SEC filings.

11 161. Among the academic research the SEC cited in its December 29, 2022 final rule was  
12 a 2015 study by M. Todd Henderson et. al. that tested the correlation between various levels of  
13 disclosure of 10b5-1 plans, ranging from non-disclosure to full disclosure, and opportunistic trading  
14 activity. The article explained that a “Limited Disclosure Case,” one in which, as with Lin’s, the 10b5-  
15 1 plan’s existence is disclosed but with only with limited details provided, might follow from a  
16 situation in which an executive does not necessarily have valuable information when adopting the  
17 plan but may anticipate trouble ahead. “Because this strategy might reveal a suspicious trade pattern  
18 if the bad outcome does materialize (that is, trading before bad news), the insider would likely value  
19 some incremental legal benefit from disclosure. And because a key element to this strategy is  
20 preserving the termination option, this insider would not prefer for the firm to disclose specific details  
21 about her 10b5-1 plan.... This insider would prefer the firm only disclose limited detail, because this  
22 provides some incremental litigation-risk reduction and yet preserves the termination option at  
23 relatively low cost.”

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<sup>4</sup> S.E.C., *Press Release: SEC Adopts Amendments to Modernize Rule 10b5-1 Insider Trading Plans*  
26 and *Related Disclosures* (Dec. 14, 2022), <https://www.sec.gov/newsroom/press-releases/2022-222>.

27 <sup>5</sup> *Insider Trading Arrangements and Related Disclosures*, 87 Fed. Reg. 80362 (Dec. 29, 2022)  
28 (codified at 17 C.F.R. pts. 229, 232, 240, 249).

1 162. The SEC similarly expressed concerns about insiders cancelling their trading plans on  
2 the basis of insider information:

3 We are concerned that some corporate insiders use Rule 10b5-1 plans in ways that are  
4 not consistent with the objectives of the rule, and that harm investors and undermine  
5 the integrity of the securities markets. As the use of Rule 10b5-1 plans has become  
6 more widespread, commentators have raised concerns that the design of Rule 10b5-  
7 1(c)(1) has enabled corporate insiders to trade on the basis of material nonpublic  
8 information while avoiding liability under Section 10(b) and Rule 10b-5. Several  
9 commenters on the proposals reiterated those concerns. These concerns stem from,  
10 among other things, the ability of corporate insiders to adopt multiple Rule 10b5-1  
11 plans at a time when they lack material nonpublic information, and **subsequently**  
12 **terminate some of the plans based on later-obtained material nonpublic**  
13 **information (notwithstanding the provision of the current affirmative defense**  
14 **that it is applicable only when the contract, instruction, or plan was entered into**  
15 **in good faith).** For example, such plans might take financial positions that authorize  
16 trades at price points above and/or below the issuer's current stock price. **When the**  
17 **insider becomes aware of material nonpublic information indicating likely future**  
18 **changes in the company's stock price, the insider could cancel the less**  
19 **advantageous plan or plans.** Corporate insiders also could adopt multiple Rule 10b5-  
20 1 plans that direct trades only at price points above the current share price, anticipating  
21 that they will subsequently learn material nonpublic information that would reveal  
22 which of the plans would be most profitable. Then, when they become aware of  
23 material non-public information, they might cancel the less profitable ones. **We are**  
24 **concerned that, in these situations, an insider's awareness of material nonpublic**  
25 **information may still 'factor into the trading decision,' even if the insider's plans**  
26 **appear to satisfy the requirements of Rule 10b5-1(c)(1).**<sup>6</sup>

27 163. Other than the details required by the SEC's new rule, Lin did not disclose the details  
28 of his 10b5-1 trading plan such as the timing or triggers for his trades or what discretion he may have  
retained, so it is not possible to determine based on publicly available information whether Lin's  
Class Period transactions complied with his 10b5-1 plan nor whether his trading plan met the  
requirements to qualify as an affirmative defense under Rule 10b5-1(c) as amended.

## 29 LOSS CAUSATION/ECONOMIC LOSS

30 164. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the  
31 economic loss, *i.e.*, damages, suffered by Lead Plaintiff and the Class.

32 165. On February 6, 2025, analysts from Robert W. Baird & Co.—who served as a co-  
33 manager of Semtech's December 2024 offering—issued a note trimming Semtech stock's price target  
34 from \$80 to \$60 because they had observed slower-than-expected uptake of Semtech's active copper

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37 <sup>6</sup> Insider Trading Arrangements and Related Disclosures, 87 Fed. Reg. 80362 (Dec. 29, 2022)  
38 (codified at 17 C.F.R. pts. 229, 232, 240, 249).

1 cables and because “ACC benchmarking activity has been muted in the past few months outside of  
2 Meta.” Therefore, wrote Baird analysts, “investors should brace for near-term turbulence.” This  
3 slower-than-expected uptake of Semtech’s ACCs was the result of having lost the NVL36x2  
4 opportunity upon Nvidia’s discontinuation of that configuration. But this disclosure only partially  
5 revealed the truth behind Defendants’ false and misleading statements.

6 166. On this news, Semtech’s stock price fell 10%, from a close of \$60.50 on February 6,  
7 2025 to close at \$54.51 per share on February 7, 2025, on unusually heavy trading volume.

8 167. On February 7, 2025, after the market closed, Semtech issued a press release, filed on  
9 Form 8-K with the SEC, which announced that net sales from its CopperEdge products used in ACCs  
10 were “expected to be lower than the Company’s previously disclosed floor case of \$50 million due to  
11 rack architecture changes, with no expected ramp-up over the course of fiscal year 2026.” The press  
12 release went on to state that the revised estimates were “based on recent feedback from a server rack  
13 customer and correlated to discussions with end users of the server rack platform.”

14 168. Analysts identified the “server rack customer” as Nvidia and the “rack architecture  
15 changes” referred to Nvidia’s discontinuation of the NVL36x2 model. They echoed the same reasons  
16 first reported by Ming-Chi Kuo and later denied by Defendants.

17 169. By at least October 2024, following the Kuo Report, Defendants knew, or recklessly  
18 disregarded, that Nvidia planned to discontinue the NVL36x2 due to customer feedback, efficiency  
19 considerations, and limited development resources. Semtech’s purported “ecosystem engagement”  
20 should have revealed these issues and the impact they would have on FY2026 CopperEdge revenues.  
21 Still, Defendants repeatedly assured investors that Nvidia would not cancel the NVL36x2 model and  
22 that Semtech remained on track to exceed the ACC revenue floor, with growth ramping through  
23 FY2026.

24 170. On the news that sales from CopperEdge products “expected to be lower than the  
25 Company’s previously disclosed floor case … with no expected ramp-up over the course of fiscal  
26 year 2026,” Semtech’s stock price fell \$16.91, or 31%, to close at \$37.60 per share on February 10,  
27 2025, on unusually heavy trading volume.

28

171. The declines in Semtech's stock price are directly attributable to the announcements about slow sales of CopperEdge ACCs and lowered guidance for FY2026 ACC revenue.

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

172. Lead Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine that, among other things:

173. Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

174. The omissions and misrepresentations were material;

175. The Company's common stock traded in efficient markets;

176. The misrepresentations alleged herein would tend to induce a reasonable investor to misjudge the value of the Company's common stock; and

177. Lead Plaintiff and other members of the class purchased the Company's common stock between the time Defendants misrepresented or failed to disclose material facts and the time that the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

178. At all relevant times, the markets for the Company's stock were efficient for the following reasons, among others: (i) the Company filed periodic public reports with the SEC; and (ii) the Company regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures such as communications with the financial press, securities analysts, and other similar reporting services. Lead Plaintiff and the Class relied on the price of the Company's common stock, which reflected all information in the market, including the misstatements by Defendants.

## NO SAFE HARBOR

179. The statutory safe harbor provided for forward-looking statements under certain conditions does not apply to any of the allegedly false statements pleaded in this Complaint. First, the statutory safe harbor does not apply to any statements alleged to be false and misleading which relate to historical facts or existing conditions. Second, to the extent any of the allegedly false and

1 misleading statements may be characterized as forward-looking, they were not adequately identified  
2 as “forward-looking” statements when made. Third, any purported forward-looking statements were  
3 not accompanied by meaningful cautionary language because the risks that Defendants warned of had  
4 already come to pass.

5 180. To the extent any statements alleged to be false and misleading may be construed to  
6 discuss future intent, they are mixed statements of present or historical facts and future intent and are  
7 not entitled to PSLRA safe-harbor protection—at least with respect to the part of the statement that  
8 refers to the present.

9 181. In addition, the PSLRA imposes an additional burden on oral forward-looking  
10 statements, requiring Defendants to include a cautionary statement that the particular oral statement  
11 is a forward-looking statement, and that “actual results might differ materially from those projected  
12 in the forward-looking statement.” 15 U.S.C. § 78u-5(c)(2)(A)(i)-(ii). Defendants failed to both  
13 identify certain oral statements as forward-looking and include the cautionary language required by  
14 the PSLRA.

15 182. Furthermore, Defendants did not accompany their statements with meaningful  
16 cautionary language identifying important factors that could cause actual results to differ materially  
17 from any results projected. To the extent Defendants included any cautionary language, that language  
18 was not meaningful because any potential risks identified by Defendants had already passed or  
19 manifested.

20 183. In the alternative, to the extent that the statutory safe harbor is determined to apply to  
21 any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking  
22 statements because at the time each of those forward-looking statements were made, the speaker had  
23 actual knowledge that the forward-looking statement was materially false or misleading, or the  
24 forward-looking statement was authorized or approved by an executive officer who knew that the  
25 statement was false when made. As detailed herein, Defendants were not only aware of factors  
26 undermining their forward-looking projections but were actively planning a strategic shift which  
27 would render them false.

28

## CLASS ACTION ALLEGATIONS

184. Lead Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of a class of all persons and entities who purchased or otherwise acquired Semtech common stock between October 10, 2024 through February 7, 2025, inclusive. Excluded from the Class are Defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families, and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

185. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court.

186. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

187. Whether Defendants violated the Exchange Act;

188. Whether Defendants omitted and/or misrepresented material facts;

189. Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

190. Whether Defendants knew or recklessly disregarded that their statements were false and misleading;

191. Whether Defendants deployed schemes, devices, or artifices to defraud;

192. Whether the price of the Company's stock was artificially inflated; and

193. The extent of damage sustained by Class members and the appropriate measure of damages.

194. Lead Plaintiff's claims are typical of those of the Class because Lead Plaintiff and the Class sustained damages from Defendants' wrongful conduct alleged herein.

195. Lead Plaintiff will adequately protect the interests of the Class and have retained counsel who are experienced in class action securities litigation. Lead Plaintiff have no interests that conflict with those of the Class.

196. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

**COUNT I**  
**For Violations of §10(b) of the Exchange Act and Rule 10b-5(b) Promulgated Thereunder**  
**(Against All Defendants)**

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

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

199. Defendants violated §10(b) of the Exchange Act and Rule 10b-5(b) in that they made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading.

200. Lead Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for the Company's common stock. Lead Plaintiff and the Class would not have purchased the Company's common stock at the price paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

**COUNT II**  
**For Violation of §20(a) of the Exchange Act**  
**(Against Defendants Hou and Lin)**

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

202. Defendants Hou and Lin acted as controlling persons of the Company within the meaning of §20(a) of the Exchange Act as alleged herein. By virtue of their high-level position at the Company, Hou and Lin had the power and authority to cause or prevent the Company from engaging

1 in the wrongful conduct complained of herein. Hou and Lin was provided with or had unlimited  
2 access to the documents where false or misleading statements were made and other statements alleged  
3 by Lead Plaintiff to be false or misleading both prior to and immediately after their publication, and  
4 had the ability to prevent the issuance of those materials or to cause them to be corrected so as not to  
5 be misleading. By reason of their senior management positions, Hou and Lin had the power to direct  
6 the actions of, and exercised the same to cause, Semtech to engage in the unlawful acts and conduct  
7 complained of herein. Because of their positions of control and authority as senior officers, Hou and  
8 Lin were able to, and did, control the contents of the various reports, press releases, public filings,  
9 and other public statements which Semtech disseminated. Hou and Lin exercised control over the  
10 general operations of Semtech and possessed the power to control the specific activities, including  
11 statements made over telephone and through SEC filings, which comprise the primary violations  
12 about which Lead Plaintiff and the other members of the Class complain. By reason of such conduct,  
13 Hou and Lin are liable pursuant to §20(a) of the Exchange Act.

14 **PRAYER FOR RELIEF**

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

16 A. Determining that this action is a proper class action pursuant to Rule 23(a) and  
17 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Class as defined herein, and a  
18 certification of Lead Plaintiff as class representative pursuant to Rule 23 of the Federal Rules of Civil  
19 Procedure and appointment of Lead Plaintiff's counsel as Lead Counsel;

20 B. Awarding compensatory and punitive damages in favor of Lead Plaintiff and  
21 the other class members against all Defendants, jointly and severally, for all damages sustained as a  
22 result of Defendants' wrongdoing, in an amount to be proven at trial, including pre-judgment and  
23 post-judgment interest thereon.

24 C. Awarding Lead Plaintiff and other members of the Class their reasonable costs  
25 and expenses in this litigation, including attorneys' fees, experts' fees and other reasonable costs and  
26 disbursements; and

1 D. Awarding Lead Plaintiff and the other Class members such other relief as this  
2 Court may deem just and proper.

## **DEMAND FOR JURY TRIAL**

Lead Plaintiff hereby demands a trial by jury.

July 14, 2025

Respectfully submitted,

/s/ Jacob A. Walker  
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