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Fund*

[Additional counsel appear on signature page.]

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

THE TRUSTEES OF THE WELFARE AND
PENSION FUNDS OF LOCAL 464A –
PENSION FUND, Individually and on Behalf
of All Others Similarly Situated,

Plaintiff,

v.

ENPHASE ENERGY, INC.,
BADRINARAYANAN
KOTHANDARAMAN, and RAGHUVVEER
BELUR,

Defendants.

Case No. 3:24-cv-09038

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

CLASS ACTION

DEMAND FOR JURY TRIAL

1 Plaintiff the Trustees of the Welfare and Pension Funds of Local 464A – Pension Fund
2 (“Plaintiff”), by and through Plaintiff’s counsel, alleges the following based upon personal
3 knowledge as to itself and its own acts, and upon information and belief as to all other matters,
4 including the investigation of Plaintiff’s counsel, which included, among other things, a review of
5 Defendants’ (defined below) United States Securities and Exchange Commission (“SEC”) filings,
6 wire and press releases published by Enphase Energy, Inc. (“Enphase” or the “Company”), analyst
7 reports and advisories about the Company, media reports concerning the Company, judicial filings
8 and opinions, and other publicly available information. Plaintiff believes that substantial additional
9 evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for
10 discovery.

11 **I. NATURE OF THE ACTION AND OVERVIEW**

12 1. This is a federal securities class action on behalf of a class of all persons and entities
13 who purchased or otherwise acquired Enphase common stock between April 25, 2023, and October
14 22, 2024, inclusive (the “Class Period”), seeking to pursue remedies under Sections 10(b) and 20(a)
15 of the Securities Exchange Act of 1934 (the “Exchange Act”), and SEC Rule 10b-5 promulgated
16 thereunder.

17 2. Enphase is a Delaware corporation with its principal executive offices in Fremont,
18 California. Enphase develops, manufactures, and sells solar microinverters, which are primarily used
19 in residential solar installations to convert solar panel output from direct current to alternating current
20 (which can be transmitted to the power grid). Enphase primarily sells its products “to solar
21 distributors who combine [the Company’s] products with others, including solar modules products
22 and racking systems.”

23 3. Enphase’s common stock trades on the Nasdaq Global Market under the ticker symbol
24 “ENPH.”

25 4. As is relevant here, Enphase’s international revenue has been growing in recent years
26 as the Company expands globally, particularly in Europe, with international revenue accounting for
27 more than 35% of the Company’s total revenue in 2023.

1 5. Prior to the beginning of the Class Period, Chinese solar companies were significantly
2 disrupting the European solar inverter market by selling or “dumping” their products at extremely
3 low prices, a fact highlighted by Morgan Stanley Research on April 24, 2023, when it reported that
4 Chinese inverter export value increased 156% year-over-year internationally, with the Netherlands
5 and Germany—two of Enphase’s key markets in Europe—showing year-over-year surges of 342%
6 and 330%, respectively.

7 6. The Class Period begins on April 25, 2023, to coincide with the announcement of the
8 Company’s first quarter 2023 financial results. Among other things, Enphase reported an
9 approximately 25% year-over-year increase in European revenue. During the accompanying
10 quarterly investor earnings call held that same day, Defendant Badrinarayanan Kothandaraman, the
11 Company’s President and Chief Executive Officer, touted that Enphase’s “European business is
12 growing rapidly,” with “sell-through of our microinverters in Europe reach[ing] an all time high” in
13 the quarter. When asked specifically about competition in Europe from Chinese manufacturers and
14 the risk of margin erosion caused by price deflation from those competitors, Defendant Raghuv
15 Belur, a Company co-founder and the Company’s Senior Vice President and Chief Products Officer,
16 dismissed such concerns, stating that “[c]ompetition is strong everywhere” and is “nothing new [in
17 Europe],” while Defendant Kothandaraman claimed that Enphase does not “see any drop in [it’s]
18 pricing.”

19 7. From the outset of the Class Period, Enphase’s competitors did not share Defendants’
20 rosy depiction of the level of competition from Chinese competitors in the European market. For
21 example, on May 11, 2023, an executive from SMA Solar Technology AG (“SMA”), one of
22 Enphase’s German competitors, explained during SMA’s investor earnings call that SMA “will
23 absolutely monitor [the Chinese pricing situation] seriously,” and that they “could expect or will
24 expect slight [price] reductions going forward,” as a result of such competition. Similarly, on June
25 20, 2023, analysts at Guggenheim Securities, LLC (“Guggenheim”) wrote that SolarEdge
26 Technologies, Inc. (“SolarEdge”), one of Enphase’s chief competitors in Europe, was feeling
27 “competitive pressure from Chinese competitors” in Europe.
28

1 8. Investors began to learn the truth about Enphase’s competitive challenges in Europe
2 after the market closed on October 26, 2023, when the Company reported an approximately 34%
3 quarter-over-quarter decline in European revenue in the third quarter of 2023 due to “softening in
4 demand.” During the accompanying quarterly investor earnings call held that same day, Defendant
5 Kothandaraman was adamant that the Company would not adjust its pricing strategies, despite
6 countervailing competitive market forces, emphasizing that “there’s no broad-based pricing
7 adjustment from us.”

8 9. In response to the decline in European revenue and Defendant Kothandaraman’s
9 unwillingness to consider pricing adjustments, analysts at BofA Securities reiterated their
10 underperform rating on the stock and criticized the Company for refusing to cut prices to pursue
11 market share, as “competitive risks” endured in Europe.

12 10. On this news, the price of Enphase common stock declined \$14.09 per share, or nearly
13 15%, from a close of \$96.18 per share on October 26, 2023, to close at \$82.09 per share on October
14 27, 2023.

15 11. Throughout the remainder of the Class Period, Defendants continued to downplay the
16 competitive threats in the European solar inverter market and reassured investors that Enphase’s
17 European pricing strategy was sound. For example, during the Company’s quarterly investor
18 earnings call discussing its fourth quarter 2023 financial results on February 6, 2024, Defendant
19 Kothandaraman reiterated that, despite competition from cheaper Chinese alternatives, “we have the
20 ability to demand the premium” and that “even with those high prices, . . . our market share is very
21 healthy.” Defendant Kothandaraman further stated that he did not “believe that we will need to drop
22 pricing in order to gain market share” in Europe.

23 12. Investors fully learned the truth about Enphase’s competitive positioning in Europe
24 after the market closed on October 22, 2024, when the Company announced its third quarter 2024
25 financial results and revealed an approximately 15% quarter-over-quarter decline in European
26 revenue due to “further softening in European demand.” During the accompanying quarterly investor
27 earnings call held that same day, Defendant Kothandaraman was again asked whether, in light of the
28 Company’s weakness in Europe, Enphase would alter its pricing strategy. While he acknowledged

1 that the Company had occasionally made customer-specific price concessions, Defendant
2 Kothandaraman reiterated that “we are not dropping pricing anywhere,” despite prevailing
3 competitive headwinds.

4 13. In response to Enphase’s continued poor performance in Europe, Guggenheim
5 downgraded Enphase stock to a sell rating from a neutral rating and explained that Enphase is “losing
6 share to Chinese competitors who are willing to sell at less than half [Enphase]’s level.”

7 14. On this news, the price of Enphase common stock declined \$13.76 per share, or nearly
8 15%, from a close of \$92.23 per share on October 22, 2024, to close at \$78.47 per share on October
9 23, 2024.

10 15. This Complaint alleges that, throughout the Class Period, Defendants made materially
11 false and/or misleading statements, as well as failed to disclose material adverse facts, about the
12 Company’s business and operations. Specifically, Defendants systematically overstated the
13 Company’s ability to maintain its pricing levels and market share for microinverter products in
14 Europe in the face of competition from low-cost, Chinese alternatives.

15 16. As a result of Defendants’ wrongful acts and omissions, and the significant decline in
16 the market value of the Company’s common stock pursuant to the revelation of the fraud, Plaintiff
17 and other members of the Class (defined below) have suffered significant damages.

18 **II. JURISDICTION AND VENUE**

19 17. Plaintiff’s claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange
20 Act, 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations promulgated thereunder, including
21 SEC Rule 10b-5, 17 C.F.R. § 240.10b-5.

22 18. This Court has jurisdiction over the subject matter of this action under 28 U.S.C.
23 § 1331 and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

24 19. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C.
25 § 78aa, and 28 U.S.C. § 1391(b), because Enphase’s principal executive offices are in this District,
26 and because many of the acts and conduct that constitute the violations of law complained of herein,
27 including the dissemination to the public of materially false and misleading information, occurred in
28 this District.

1 20. In connection with the acts, conduct, and other wrongs alleged in this Complaint,
2 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
3 including, but not limited to, the United States mails, interstate telephone communications, and the
4 facilities of the national securities markets.

5 **III. PARTIES**

6 21. Plaintiff, as set forth in the accompanying certification, incorporated by reference
7 herein, purchased Enphase common stock at artificially inflated prices during the Class Period and
8 suffered damages as a result of the violations of the federal securities laws alleged herein.

9 22. Defendant Enphase is a Delaware corporation, with its principal executive offices at
10 47281 Bayside Parkway, Fremont, California 94538.

11 23. Defendant Badrinarayanan Kothandaraman is the Company's President and Chief
12 Executive Officer.

13 24. Defendant Raghuv eer Belur is a Company co-founder and the Company's Senior Vice
14 President and Chief Products Officer.

15 25. Defendants Kothandaraman and Belur are collectively referred to herein as the
16 "Individual Defendants."

17 26. The Individual Defendants, because of their positions with the Company, possessed
18 the power and authority to control the contents of Enphase's reports to the SEC, press releases, and
19 presentations to securities analysts, money and portfolio managers, and institutional investors, i.e.,
20 the market. Each Individual Defendant was provided with copies of the Company's reports alleged
21 herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to
22 prevent their issuance or cause them to be corrected. Because of their positions and access to material
23 non-public information available to them, each of the Individual Defendants knew that the adverse
24 facts specified herein had not been disclosed to, and/or were being concealed from, the public, and
25 that the positive representations that were being made were then materially false and/or misleading.

26 27. Enphase and the Individual Defendants are collectively referred to herein as
27 "Defendants."
28

1 **IV. SUBSTANTIVE ALLEGATIONS**

2 **A. Background**

3 28. Enphase is a Delaware corporation with its principal executive offices in Fremont,
4 California. Enphase develops, manufactures, and sells solar microinverters, which are primarily used
5 in residential solar installations to convert solar panel output from direct current to alternating current.
6 Once converted, the alternating current power can be transferred to the power grid. Enphase primarily
7 sells its products “to solar distributors who combine [the Company’s] products with others, including
8 solar modules products and racking systems.”

9 29. As is relevant here, Enphase’s international revenue has been growing in recent years
10 as the Company expands globally, particularly in Europe, with international revenue accounting for
11 more than 35% of the Company’s total revenue in 2023.

12 30. Enphase’s common stock trades on the Nasdaq Global Market under the ticker symbol
13 “ENPH.”

14 **B. Pre-Class Period Events**

15 31. In 2022, before the beginning of the Class Period, Chinese solar companies began
16 significantly impacting the European solar inverter market by employing aggressive pricing
17 strategies, often referred to as dumping, which involved flooding the market with extremely low
18 priced products, a tactic bolstered by China’s low labor costs and state-backed support. The impact
19 of Chinese companies’ pricing tactics on the European market was the subject of an analyst report on
20 April 24, 2023, one day before the start of the Class Period, when Morgan Stanley Research reported
21 that Chinese inverter “export value increased 156% [year-over-year],” with top markets including the
22 Netherlands and Germany, “surg[ing] 342% and 330% [year-over-year], respectively.”

23 **C. Defendants’ False and Misleading Statements**

24 32. The Class Period begins on April 25, 2023, to coincide with the announcement of
25 Enphase’s first quarter 2023 financial results. Despite reporting poor Company-wide results,
26 Enphase highlighted that “revenue in Europe increased approximately 25%, compared to the fourth
27 quarter of 2022.”
28

1 33. During the accompanying quarterly investor earnings call held that same day,
2 Defendant Kothandaraman proclaimed that Enphase’s “European business is growing rapidly” as
3 “sell-through of our microinverters in Europe reached an all-time high” in the quarter. Critically, a
4 Deutsche Bank AG analyst, apparently following up on the Morgan Stanley Research report from the
5 prior day, specifically asked Defendants to comment on competition from Chinese companies in
6 Europe and the potential risk that such competition would erode the Company’s margins. Defendant
7 Belur refused to directly answer the question and, instead, downplayed the impact of Chinese
8 competition in Europe by responding that “[c]ompetition is strong everywhere” and that competition
9 is “nothing new.”

10 34. Moreover, Defendant Kothandaraman indicated that the Company does not “see any
11 drop in [Enphase’s] pricing” in Europe and explained that the Company engages in “value-based
12 pricing, which is basically pric[ing] products based upon the value they bring compared to the next
13 best alternative.” According to Defendant Belur, Enphase’s value proposition was to provide “highly
14 differentiated products, high-reliability products and great customer experience”—attributes that he
15 asserted justified Enphase’s higher prices as compared to the Company’s competitors. In fact, when
16 an analyst directly asked Defendant Kothandaraman whether Enphase had to make a “trade-off
17 between price and volume” because “installers may be prioritizing cost,” Defendant Kothandaraman
18 responded that such a trade-off was unnecessary because Enphase’s “high quality leads to high price”
19 and installers “understand it is not about just the price of the inverter,” but “the entire cost of
20 ownership.”

21 35. A few weeks later, on May 11, 2023, one of Enphase’s German competitors, SMA,
22 held its first quarter 2023 investor earnings call and was asked about the competition that SMA had
23 experienced and the resulting effects on SMA’s pricing from Chinese companies dumping solar
24 inverters in Europe. SMA’s Chief Financial Officer responded that SMA “seriously” monitors price
25 developments in the market and that “we could expect or will expect slight reductions going forward.”

26 36. On June 20, 2023, Guggenheim reported on competition in the inverter market in
27 Europe after attending a solar energy conference in Munich, Germany. After speaking with one of
28 Enphase’s major competitors, SolarEdge, the Guggenheim analysts wrote that SolarEdge was feeling

1 “competitive pressure from Chinese competitors” and noted that “Chinese inverter vendors in Europe
2 are no longer just selling trailing-edge technology at low prices,” but are now selling technologically
3 advanced products as well. Accordingly, the Guggenheim analysts concluded that they “think it
4 makes sense that [SolarEdge] regards the[] [Chinese competitors] as the primary threat [in Europe].”
5 Commenting on Enphase’s business in Europe, the Guggenheim analysts noted that they “agree with
6 the many industry participants [they] spoke to which observed that [Enphase]’s existing price points
7 are too high for most of Europe” and that “it’s going to be difficult for [Enphase] to maintain its
8 growth in Europe, or take share in Germany, without offering significant concessions.”

9 37. On July 27, 2023, Enphase announced its second quarter 2023 financial results,
10 including that “revenue in Europe increased approximately 25%, compared to the first quarter of
11 2023.” During the accompanying quarterly investor earnings call held that same day, Defendant
12 Kothandaraman trumpeted the Company’s “strong broad-based growth across Europe,” with markets
13 in the Netherlands and France being “very strong” and the Company gaining “real traction” in
14 Germany. Despite recent critical commentary from analysts and competitors, Defendant
15 Kothandaraman explained that “we see increasingly complex power markets and home energy
16 management needs playing right into our strengths,” and that Enphase’s “quality and service . . . will
17 help strengthen our market position.”

18 38. The above statements contained within paragraphs 32-34 and 37 were materially false
19 and misleading, and failed to disclose material adverse facts about the Company’s business and
20 operations. Specifically, Defendants systematically overstated the Company’s ability to maintain its
21 pricing levels and market share for microinverter products in Europe in the face of competition from
22 low-cost, Chinese alternatives.

23 **D. The Truth Begins to Emerge**

24 39. Investors began to learn the truth about Enphase’s competitive challenges in Europe
25 after the market closed on October 26, 2023, when the Company announced that third quarter 2023
26 “revenue in Europe decreased approximately 34%, compared to the second quarter of 2023 due to
27 . . . softening in demand in our key markets – the Netherlands, France, and Germany.” During the
28 accompanying quarterly investor earnings call held that same day, Defendant Kothandaraman

1 suggested that Enphase experienced poor sell-through of the Company's products in the Netherlands,
2 the Company's largest European market, as a result of temporary "confusion" concerning regulatory
3 changes in the solar industry, and that a 34% quarter-over-quarter decrease in sell-through of
4 Enphase's products in France that was "driven by seasonality." Defendant Kothandaraman provided
5 no specific reason for the Company's decline in Germany.

6 40. In response to an Evercore ISI analyst's question about the price competition facing
7 Enphase, Defendant Kothandaraman responded that installers "do want to take advantage of the
8 lowest cost available" and "may want to switch to somebody who's offering low cost," but he
9 nonetheless told investors that the Company would not adjust its pricing strategies, despite these
10 competitive market forces, indicating that "there's no broad-based pricing adjustment from us." In
11 response to Defendants' statements, analysts at BofA Securities reiterated their underperform rating
12 of the stock and explained that "competitive risks" remain for the Company in Europe.

13 41. On the news, the price of Enphase common stock declined \$14.09 per share, or nearly
14 15%, from a close of \$96.18 per share on October 26, 2023, to close at \$82.09 per share on October
15 27, 2023.

16 **E. Defendants' Continued False and Misleading Statements**

17 42. Despite the Company's poor sales performance in Europe, Defendants continued to
18 downplay the impact of increased competition in the European microinverter market and reassured
19 investors that the Company would be able to maintain its market share and maintain its price levels
20 throughout the remainder of the Class Period.

21 43. On February 6, 2024, Enphase announced its fourth quarter financial results and that
22 "revenue in Europe decreased approximately 70%, compared to the third quarter of 2023" due to a
23 "further softening in demand." During the accompanying quarterly investor earnings call held that
24 same day, Defendant Kothandaraman explained that the Netherlands continued to be impacted by
25 regulatory "confusion" and that the landscape in Germany was "tricky." Despite a 1% quarter-over-
26 quarter sales decline in France, Defendant Kothandaraman bullishly asserted that "as far as France is
27 concerned, we see steady demand in France" and noted that "[u]tility rates are increasing in
28

1 France. . . . [s]o we think that’s a general positive.” Critically, Defendants did not identify
2 competition from Chinese manufacturers as a reason for the Company’s poor performance.

3 44. Later during the same call, a Citigroup Inc. analyst asked Defendant Kothandaraman,
4 again, about the Company’s pricing strategy and highlighted increased competition as a potential
5 factor. Defendant Kothandaraman doubled down on the Company’s pricing strategy, despite
6 competition from cheaper alternatives, indicating that “high quality for me is high price” and “we
7 have the ability to demand the premium.” Defendant Kothandaraman further proclaimed that “even
8 with those high prices, . . . our market share is very healthy,” and that he did not “believe that we will
9 need to drop pricing in order to gain market share.”

10 45. On April 23, 2024, Enphase announced its first quarter 2024 financial results and that
11 “revenue in Europe increased approximately 70%, compared to the fourth quarter of 2023.” During
12 the accompanying quarterly investor earnings call held that same day, Defendant Kothandaraman
13 was optimistic about the Company’s improvement in Europe, noting that Enphase was “encouraged
14 by the demand signals we are seeing” in the Netherlands after receiving some clarity in the regulatory
15 landscape and was “encouraged by the continued strength” in France “supported by higher utility
16 rates,” and that, in Germany, sell-through of Enphase’s products “was up 28% compared to Q4.”
17 Defendant Kothandaraman also asserted that Enphase was growing market share in Europe due to
18 “highlighting our value” to installers, claiming that the Company’s installer relationships were the
19 “single most [significant] reason” that the Company has been able to increase its market share.

20 46. In a report published the next day, analysts at Guggenheim were highly skeptical about
21 Enphase’s prospects, downgrading the stock to a sell rating from a neutral rating. The analysts
22 explained that, Enphase’s “current recovery in some European markets notwithstanding, we think
23 that the medium-term trajectory in Europe is clear, and that trajectory is market share gain by Chinese
24 suppliers.” The Guggenheim analysts further indicated that they “don’t doubt [Enphase’s] technical
25 superiority – what we doubt is the [C]ompany’s ability to capitalize on its advantages in European
26 markets that are undergoing rapid price deflation” caused largely by Chinese suppliers.

27 47. Then, on July 23, 2024, Enphase announced its second quarter 2024 financial results
28 and that “revenue in Europe for the second quarter of 2024 remained flat when compared to the first

1 quarter of 2024.” During the accompanying quarterly investor earnings call held that same day,
2 Defendant Kothandaraman explained that the Netherlands was still being affected by “regulatory
3 uncertainty” and that France was challenged because of unfavorable utility rate spreads. Again,
4 Defendants did not identify competition from Chinese manufacturers as a reason for the Company’s
5 poor performance.

6 48. In response to a Mizuho Securities USA LLC analyst’s question about a potential 5%
7 to 10% price cut by Enphase in Europe, Defendant Kothandaraman curtly responded that “[Enphase]
8 do[es]n’t have any plans today to change our pricing.” A Bank of America analyst immediately
9 followed up on this point and asked Defendant Kothandaraman to elaborate on his response, while
10 also noting that Enphase’s peers were increasingly offering price concessions. Defendant
11 Kothandaraman stood firm and retorted that “there isn’t anything extraordinary we are planning to
12 do [in terms of price concessions],” because the “pricing situation is relatively stable in my opinion.”

13 49. The next day, analysts at Guggenheim issued a report that was highly critical of
14 Enphase and reiterated their recommendation to sell the stock. Guggenheim once again disapproved
15 of the Company’s pricing decisions in Europe, noting that Enphase “offers great products, but at
16 prices that are much higher than the many Chinese options available in most European markets” and
17 that, as a result, “[w]e question how much additional market share is available for [Enphase] on the
18 continent.”

19 50. The above statements contained within paragraphs 42-45 and 47-48 were materially
20 false and misleading, and failed to disclose material adverse facts about the Company’s business and
21 operations. Specifically, Defendants systematically overstated the Company’s ability to maintain its
22 pricing levels and market share for microinverter products in Europe in the face of competition from
23 low-cost Chinese alternatives.

24 **F. The Truth Is Revealed**

25 51. Investors learned the full truth about Enphase’s competitive positioning in Europe
26 after the market closed on October 22, 2024, when the Company announced its third quarter 2024
27 financial results and revealed that “revenue in Europe decreased approximately 15% for the third
28

1 quarter of 2024, compared to the second quarter of 2024” due to “further softening in European
2 demand.”

3 52. During the accompanying quarterly investor earnings call held that same day,
4 Defendant Kothandaraman disclosed that, “[w]hile every country in Europe has its nuances, the
5 overall business environment in the region is challenging.” Significantly, Defendant Kothandaraman
6 continued his practice of failing to even mention competition from Chinese companies. Further, as
7 was the case on prior investor calls, Defendant Kothandaraman was asked whether the Company was
8 going to alter its pricing strategy in Europe in light of the Company’s weaknesses in the market.
9 While Defendant Kothandaraman acknowledged that the Company has occasionally adjusted pricing
10 on a customer-by-customer basis, he characterized these price concessions as discretionary business
11 practices—such as for “a loyal customer” who “needs a little bit of help”—rather than strategic
12 responses to broader competitive pressures. In fact, in a refusal to accept Enphase’s competitive fate
13 in Europe, Defendant Kothandaraman reaffirmed that “we are not dropping pricing anywhere.”

14 53. The following day, analysts at Guggenheim downgraded Enphase stock to a sell rating
15 from a neutral rating (which it had adopted less than a week earlier) and concluded that Enphase is
16 “losing share to Chinese competitors who are willing to sell at less than half [Enphase]’s level” in
17 Europe. Guggenheim specifically noted that “[t]his is a story that became abundantly clear during
18 our meetings at [a clean energy conference] earlier this year, and we find it remarkable that the
19 company managed to get through the entire call yesterday without once mentioning the competitive
20 environment in Europe.” Guggenheim further indicated that Enphase, “in Europe, like many growth-
21 focused technology companies before it, is now overshooting what its customers actually want or
22 need, and is being undercut by still-inferior but improving Chinese product.”

23 54. In response to this news, the price of Enphase common stock declined \$13.76 per
24 share, or nearly 15%, from a close of \$92.23 per share on October 22, 2024, to close at \$78.47 per
25 share on October 23, 2024.

26 **V. PLAINTIFF’S CLASS ACTION ALLEGATIONS**

27 55. Plaintiff brings this class action under Rule 23 of the Federal Rules of Civil Procedure
28 on behalf of a class of all persons and entities who purchased or otherwise acquired Enphase common

1 stock during the Class Period (the “Class”). Excluded from the Class are Defendants, their agents,
2 directors and officers of Enphase, and their families and affiliates.

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

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

- 9 a. Whether Defendants violated the Exchange Act;
- 10 b. Whether Defendants omitted and/or misrepresented material facts;
- 11 c. Whether Defendants’ statements omitted material facts necessary in order to
12 make the statements made, in light of the circumstances under which they were
13 made, not misleading;
- 14 d. Whether Defendants knew or recklessly disregarded that their statements were
15 false and/or misleading;
- 16 e. Whether the price of Enphase common stock was artificially inflated; and
- 17 f. The extent of damage sustained by members of the Class and the appropriate
18 measure of damages.

19 58. Plaintiff’s claims are typical of those of the Class because Plaintiff and the Class
20 sustained damages from Defendants’ wrongful conduct.

21 59. Plaintiff will adequately protect the interests of the Class and has retained counsel who
22 are experienced in class action securities litigation. Plaintiff has no interests that conflict with those
23 of the Class.

24 60. A class action is superior to other available methods for the fair and efficient
25 adjudication of this controversy. Joinder of all Class members is impracticable.

1 **VI. APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD-ON-THE**
2 **MARKET DOCTRINE**

3 61. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-
4 market doctrine in that, among other things:

- 5 a. Defendants made public misrepresentations or failed to disclose material facts
6 during the Class Period;
- 7 b. The omissions and misrepresentations were material;
- 8 c. The Company's common stock traded on an efficient market;
- 9 d. The misrepresentations alleged would tend to induce a reasonable investor to
10 misjudge the value of the Company's common stock; and
- 11 e. Plaintiff and the Class purchased Enphase common stock between the time the
12 Company and the Individual Defendants misrepresented or failed to disclose
13 material facts and the time the true facts were disclosed, without knowledge of
14 the misrepresented or omitted facts.

15 62. At all relevant times, the market for the Company's common stock was efficient
16 because: (1) as a regulated issuer, the Company filed periodic public reports with the SEC; and (2) the
17 Company regularly communicated with public investors using established market communication
18 mechanisms, including through regular disseminations of press releases on the major news wire
19 services and through other wide-ranging public disclosures, such as communications with the
20 financial press, securities analysts, and other similar reporting services.

21 **VII. NO SAFE HARBOR**

22 63. Defendants' "Safe Harbor" warnings accompanying any forward-looking statements
23 issued during the Class Period were ineffective to shield those statements from liability.

24 64. Defendants are liable for any false and/or misleading forward-looking statements
25 pleaded because, at the time each forward-looking statement was made, the speaker knew the
26 forward-looking statement was false or misleading and the forward-looking statement was authorized
27 and/or approved by an executive officer of the Company who knew that the forward-looking
28 statement was false. None of the historic or present-tense statements made by Defendants were

1 assumptions underlying or relating to any plan, projection, or statement of future economic
2 performance, as they were not stated to be such assumptions underlying or relating to any projection
3 or statement of future economic performance when made, nor were any of the projections or forecasts
4 made by Defendants expressly related to or stated to be dependent on those historic or present-tense
5 statements when made.

6 **VIII. LOSS CAUSATION/ECONOMIC LOSS**

7 65. Defendants' wrongful conduct directly and proximately caused the economic loss
8 suffered by Plaintiff and the Class. The price of Enphase common stock significantly declined when
9 the misrepresentations made to the market, and/or the information alleged herein to have been
10 concealed from the market, and/or the effects thereof, were revealed, causing investors' losses. As a
11 result of their purchases of Enphase common stock during the Class Period, Plaintiff and the Class
12 suffered economic loss, i.e., damages, under the federal securities laws.

13 **IX. ADDITIONAL SCIENTER ALLEGATIONS**

14 66. During the Class Period, Defendants had both the motive and opportunity to commit
15 fraud. They also had actual knowledge of the misleading nature of the statements they made, or acted
16 in reckless disregard of the true information known to them at the time. In so doing, Defendants
17 participated in a scheme to defraud and committed acts, practices, and participated in a course of
18 business that operated as a fraud or deceit on purchasers of Enphase common stock during the Class
19 Period.

20 **X. CLAIMS AGAINST DEFENDANTS**

21 **COUNT I**

22 **Violations of Section 10(b) of the Exchange Act and**

23 **SEC Rule 10b-5 Promulgated Thereunder**

24 **Against All Defendants**

25 67. Plaintiff incorporates by reference the allegations in the preceding paragraphs.

26 68. During the Class Period, Defendants carried out a plan, scheme, and course of conduct
27 that was intended to and, throughout the Class Period, did: (1) deceive the investing public, including
28 Plaintiff and the Class; and (2) cause Plaintiff and the Class to purchase Company common stock at

1 artificially inflated prices. In furtherance of this unlawful scheme, plan, and course of conduct,
2 Defendants, and each of them, took the actions set forth herein.

3 69. Defendants: (1) employed devices, schemes, and artifices to defraud; (2) made untrue
4 statements of material fact and/or omitted material facts necessary to make the statements not
5 misleading; and (3) engaged in acts, practices, and a course of business which operated as a fraud and
6 deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high
7 market prices thereof in violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5.

8 70. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the
9 Class suffered damages in connection with their respective purchases of the Company's common
10 stock during the Class Period.

11 **COUNT II**

12 **Violations of Section 20(a) of the Exchange Act**

13 **Against the Individual Defendants**

14 71. Plaintiff incorporates by reference the allegations in the preceding paragraphs.

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

25 73. In particular, each of the Individual Defendants had direct and supervisory
26 involvement in the day-to-day operations of the Company and, therefore, are presumed to have had
27 the power to control or influence the activities giving rise to the securities violations as alleged herein,
28 and exercised the same.

1 74. As described above, the Company and the Individual Defendants each violated
2 Section 10(b) of the Exchange Act and SEC Rule 10b-5 by their acts and omissions as alleged in this
3 Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable
4 under Section 20(a) of the Exchange Act. As a direct and proximate result of this wrongful conduct,
5 Plaintiff and other members of the Class suffered damages in connection with their purchases of
6 Company common stock during the Class Period.

7 **XI. PRAYER FOR RELIEF**

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

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

18 **XII. DEMAND FOR JURY TRIAL**

19 Plaintiff hereby demands a trial by jury.

20 DATED: December 13, 2024

Respectfully submitted,

21 **KESSLER TOPAZ MELTZER**
22 **& CHECK, LLP**

23 */s/ Jennifer L. Joost*

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