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UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

Palm Harbor Special Fire Control &
Rescue District Firefighters’ Pension Plan;
and Greater Pennsylvania Carpenters’
Pension Fund, individually and on behalf
of all others similarly situated,

Plaintiff,

v.

First Solar, Inc.; Mark Widmar; Alexander
R. Bradley; and Georges Antoun,

Defendants.

Case No. CV-22-00036-PHX-MTL

CLASS ACTION

**AMENDED COMPLAINT FOR
VIOLATION OF THE FEDERAL
SECURITIES LAWS**

DEMAND FOR JURY TRIAL

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1 Lead Plaintiffs Palm Harbor Special Fire Control & Rescue District Firefighters’
2 Pension Plan and Greater Pennsylvania Carpenters’ Pension Fund (“Lead Plaintiffs”), by
3 and through their undersigned counsel, bring this action individually and on behalf of all
4 other persons and entities who purchased or otherwise acquired the common stock of
5 First Solar, Inc. (“First Solar” or the “Company”) between February 22, 2019 and
6 February 20, 2020, both dates inclusive (the “Class Period”), and were injured thereby
7 (the “Class”).

8 Lead Plaintiffs allege the following upon personal knowledge as to themselves and
9 their own acts, and upon information and belief as to all other matters. Lead Plaintiffs’
10 information and belief is based upon, among other things, the investigation conducted by
11 and through their attorneys, which included, among other things, interviews with
12 numerous individuals, including former employees of First Solar, a review of First
13 Solar’s public documents, transcripts of conference calls and presentations concerning
14 First Solar, First Solar’s filings with the United States Securities and Exchange
15 Commission (“SEC”), wire and press releases published by First Solar, analyst reports
16 and advisories about the Company, media reports concerning First Solar, and other
17 information obtainable on the Internet. Lead Plaintiffs believe that substantial additional
18 evidentiary support will exist for the allegations set forth herein after Lead Plaintiffs have
19 had a reasonable opportunity to conduct discovery.

20 **I. INTRODUCTION**

21 1. First Solar was founded in 1999 and is headquartered in Tempe, Arizona.
22 The Company manufactures and sells solar modules and photovoltaic (“PV”) solar power
23 systems, providing a vast array of solar power solutions for commercial and residential
24 purposes.

25 2. During the Class Period, First Solar operated primarily through two
26 business segments: (1) the PV solar power Modules Segment (the “Modules Segment”);
27 and (2) the PV solar power Systems Segment (the “Systems Segment”).
28

1 3. The Modules Segment involved the manufacture and sale of solar modules
2 designed to convert sunlight into electricity. Customers of the Modules Segment
3 included project developers, system integrators, and operators of renewable energy
4 projects. In late 2017, First Solar announced that it was transitioning to the Series 6
5 module as its flagship solar panel product, which would phase out the Company's
6 existing Series 4 module. According to the Company, the Series 6 module was designed
7 and expected to be superior to the Series 4 module in two critical respects: (1) greater
8 cost efficiencies, expressed through the "cost per watt" metric; and (2) significantly
9 improved power output, expressed through the "watts per module" metric.

10 4. Prior to the Class Period, First Solar stated that the Series 6 would result in
11 a 40 percent reduction (i.e., improvement) in cost per watt vis-à-vis the Series 4 module.
12 Even more impressive, the Company represented that the Series 6 would produce an
13 average of 460 watts per module after ramp-up, far surpassing the 125 watts per module
14 capabilities of the Series 4.

15 5. The Company's second segment, the Systems Segment, was responsible for
16 providing complete PV solar power systems to customers, including: project
17 development; Engineering, Procurement, and Construction ("EPC") services; Operation
18 and Maintenance ("O&M") services; and project finance. The Systems Segment sold its
19 services directly to utilities, independent power producers, commercial and industrial
20 companies, and other system owners.

21 6. The Systems Segment contributed approximately two-thirds of the
22 Company's revenues from customer contracts leading up to the Class Period. As a result,
23 analysts and investors were focused on the "pipeline" for the project development
24 division ("Project Development"), which the market viewed as an important indicator of
25 future revenues for the Systems Segment.

26 7. First Solar kept investors apprised of the status of the pipeline by reporting
27 the approximate size of the Company's new projects in terms of "gigawatts" or "GW" per
28 year. Prior to and during the Class Period, Defendants repeatedly disclosed a target of

1 1.0 gigawatts per year in new Systems projects, and consistently reported gigawatts per
2 year in excess of the target. Thus, the message to the market was clear: the Company's
3 Project Development pipeline was robust, stable, and would continue to play a vital role
4 in First Solar's future financial successes.

5 8. As set forth herein, during the Class Period, Defendants made a series of
6 materially false and misleading statements and omissions touching upon both of the
7 Company's business segments.

8 9. With respect to the Modules Segment, to start the Class Period, Defendants
9 laid out First Solar's plan to achieve the expected (40%) cost per watt reduction for the
10 Series 6 over the course of 2019. Thereafter, Defendants repeatedly represented to
11 investors that the Company was hitting the intermediate benchmarks necessary to meet
12 the cost per watt improvement for the Series 6 in 2019, and that it was presently seeing a
13 consistent improvement in the watts per module, which is one of the primary drivers of
14 cost per watt.

15 10. For example, during the Company's May 2, 2019 earnings call, Defendants
16 stated that First Solar had "*achieve[d] our first quarter Series 6 cost-per-watt objective.*"
17 During the Company's August 1, 2019 earnings call, Defendants again told investors that
18 First Solar had "*met our first half commitment on the [Series 6 cost per watt]
19 reduction.*" On October 24, 2019, Defendants went even farther, representing that the
20 Company was actually ahead of its cost per watt objective, stating, "we are pleased with
21 the progress made and *are slightly ahead of the road map laid out.*"

22 11. At the same time, Defendants made glowing statements concerning the
23 Series 6 watts per module and its progress toward the target of 460 watts per module,
24 which they described as "steady." On February 21, 2019, Defendants stated that the
25 "average watt per module has increased 2 bins or 10 watts." On May 2, 2019,
26 Defendants reported that "[t]he average watt per module has increased slightly more than
27 1 bin or 6 watts." A few months later, on August 1, 2019, Defendants called First Solar's
28 Series 6 watts per module improvement "significant," stating that "[t]he average watt per

1 module has increased 3 watts.” Then, on October 24, 2019, Defendants again
2 characterized the Series 6 wattage per module increase “significant,” reporting an average
3 increase of 4 watts.

4 12. When asked by analysts about whether the Series 6 had failed to meet the
5 Company’s contractual obligations to its customers with respect to the watts per module,
6 Defendants affirmatively denied there were any problems.

7 13. Unbeknownst to the market, however, the Series 6 modules were riddled
8 with significant problems, including manufacturing and performance defects, which were
9 negatively impacting both the cost per watt and watts per module figures for the Series 6.
10 As detailed by numerous former First Solar employees herein, the problems with the
11 Series 6 included: (i) electrical problems that were causing fires in installed modules;
12 (ii) watts per module outputs that were both inconsistent and variable; and (iii) issues
13 with the packaging and shipping of the Series 6 that resulted in numerous broken
14 modules.

15 14. Indeed, certain of the problems with the Series 6 modules were so severe
16 during the Class Period that the Company’s highest ranking executives discussed them
17 internally at Company Town Hall meetings. Moreover, as described herein, former
18 employees of the Company stated that the Series 6 problems were well-documented
19 internally in communications and reports that the Individual Defendants received or had
20 access to during the Class Period.

21 15. Importantly, while Defendants were well-aware of the problems with the
22 Series 6, they were motivated to conceal these issues from investors because, as
23 discussed below and unbeknownst to the market, First Solar’s pipeline for its Project
24 Development business had dwindled significantly and the Company not only was
25 contemplating a sale of this business, but had already begun dismantling this division.

26 16. While they were misrepresenting and omitting critical facts about the
27 Modules Segment, Defendants also misrepresented and concealed material information
28

1 from the market regarding First Solar’s Systems Segment, specifically, the unit’s Project
2 Development business.

3 17. Just before the start of the Class Period, Defendant Mark Widmar, First
4 Solar’s CEO, emphasized that the Company’s “potential systems opportunities remain
5 strong at 1.8-gigawatt,” explaining that “[t]hese potential systems bookings are
6 comprised of projects in the U.S. and over 300 megawatts in Japan.” Then, during the
7 Class Period, Defendants told investors that the Company was presently meeting or
8 exceeding its pipeline target of 1 gigawatt per year in new Systems projects that
9 Defendants shared with investors at the end of 2017.

10 18. For example, First Solar touted the strength of the Company’s pipeline on
11 August 1, 2019, stating that First Solar’s “mid- to late-stage pipeline include[d]
12 1.9 gigawatts of systems opportunities across U.S. and Japan.” During the Company’s
13 earnings call on October 24, 2019, Defendants similarly stated with respect to the
14 Company’s Systems pipeline: “our mid- to late-stage pipeline includes approximately
15 2 gigawatts of systems opportunities across the United States and Japan.”

16 19. Defendants’ representations about its Project Development pipeline were
17 materially false or misleading. In truth, the pipeline for the Project Development
18 business had all but dried up before and during the Class Period, as later confirmed by an
19 in-depth analysis published by Barclays on January 15, 2020. This comprehensive report
20 revealed that, unbeknownst to the market, First Solar’s Systems Segment had lost 80% of
21 its market share—while First Solar once “captured 20% of the market,” it reflected only
22 “4% of the pipeline” as of January 2020. Similarly, focusing its analysis on the
23 Company’s Project Development pipeline, Barclays discovered that for 2018, First
24 Solar’s pipeline projects represented just .6 GW of the 32.0 GW in total U.S. projects,
25 and for 2019, the number was even smaller, at just .4 GW of the 32.5 GW in total U.S.
26 projects. According to Barclays, the steep decline in First Solar’s market share of the
27 project development space began as early as 2017, with the Company’s share of new U.S.
28 development projects decreasing markedly from approximately 14% in 2016, to

1 approximately 4% in 2017, before sinking to just under 2% in 2018, and then
2 approximately 1% in 2019.

3 20. Making matters worse, Defendants also repeatedly gave investors the false
4 impression that the Company had long-term plans for its all-important Project
5 Development division. To this end, Defendants stated just prior to the start of the Class
6 Period that First Solar was making what it referred to as a “big investment” in the Project
7 Development business in order to secure future projects, and further explained that the
8 Company would be “investing somewhere, call it, \$300 million to \$400 million to secure,
9 call it, 5 gigawatts of opportunities between now and 2023.” Later, in response to
10 investor concerns flowing from the Company’s decision to outsource its EPC business,
11 Defendants reassured the market that the Project Development business was not headed
12 for a similar fate, stating that the Company would continue “executing on our project
13 development pipeline with the same level of service that our customers have come to
14 expect.”

15 21. In reality, however, accounts from First Solar former employees confirm
16 that while they were issuing positive statements about the Systems Segment and the
17 Project Development division, Defendants had begun quietly dismantling the Project
18 Development unit and exploring options to divest the business in the first half of 2019,
19 without telling the market.

20 22. Investors belatedly learned the truth regarding the Modules Segment and
21 the Project Development business beginning on January 15, 2020, and continuing
22 through February 20, 2020. In the wake of the Barclays report on January 15, 2020, the
23 price of the Company’s common stock fell more than \$4 per share, or nearly 7%,
24 between January 14, 2020 and January 15, 2020.

25 23. Then, on February 20, 2020, investors learned the truth about the Series 6
26 modules when First Solar disclosed that its failure to hit the 2019 cost per watt target was
27 due to “challenges with regard to certain aspects of the overall cost per watt” and also
28 revealed that the Company had missed the watts per module target by a sizeable margin.

1 Defendants further stunned investors when they admitted that the Company would not be
2 able to achieve either goal—cost per watt or watts per module—by the end of 2020.
3 Incredibly, the bad news did not stop there. Defendants piled on the Barclays report by
4 revealing that First Solar was actively seeking to divest its Project Development unit,
5 effectively admitting that the problems with this division were severe and stood in stark
6 contrast to their representations during the Class Period.

7 24. First Solar’s common stock plummeted further, falling an additional
8 \$8.73 per share, or nearly 15%, between February 20, 2020 and February 21, 2020. Class
9 members were damaged and now bring this Action.

10 **II. JURISDICTION AND VENUE**

11 25. The claims asserted herein arise under Section 10(b) of the Securities
12 Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78j(b), and the rules and
13 regulations promulgated thereunder, including SEC Rule 10b-5, 17 C.F.R. § 240.10b-5.

14 26. This Court has jurisdiction over the subject matter of this action pursuant to
15 Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and under 28 U.S.C. § 1331, because
16 this is a civil action arising under the laws of the United States.

17 27. Venue is proper in this District pursuant to Section 27 of the Exchange Act
18 and 28 U.S.C. § 1391(b), because Defendant First Solar conducts business in this District
19 and also maintains its administrative headquarters in this District.

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

24 **III. PARTIES**

25 **A. Lead Plaintiffs**

26 29. Lead Plaintiff Palm Harbor Special Fire Control & Rescue District
27 Firefighters’ Pension Plan (“Palm Harbor Firefighters”) provides pension benefits for
28 former vested employees (i.e., retirees) of the Palm Harbor Special Fire Control &

1 Rescue District in Palm Harbor, Florida, and had approximately \$42 million in assets
2 under management as of October 1, 2021. As set forth in the certification attached hereto
3 as Exhibit A, Palm Harbor Firefighters purchased or otherwise acquired First Solar
4 common stock at artificially inflated prices during the Class Period and was damaged as a
5 result of the conduct alleged herein.

6 30. Lead Plaintiff Greater Pennsylvania Carpenters' Pension Fund
7 ("Pennsylvania Carpenters") provides pension benefits for thousands of beneficiaries
8 across Pennsylvania and has approximately \$1 billion in assets under management. As
9 set forth in the certification attached to Lead Plaintiffs' motion for appointment as Lead
10 Plaintiff (*see* ECF No. 9-1), Pennsylvania Carpenters purchased or otherwise acquired
11 First Solar common stock at artificially inflated prices during the Class Period and was
12 damaged as a result of the conduct alleged herein.

13 **B. Defendants**

14 **1. First Solar**

15 31. Defendant First Solar, a Delaware corporation headquartered in Tempe,
16 Arizona, bills itself as a "leading global provider of comprehensive [photovoltaic] solar
17 energy solutions." First Solar's common stock trades on Nasdaq under the ticker symbol
18 "FSLR." As of February 14, 2020, First Solar had over 105 million shares of common
19 stock outstanding.

20 **2. The Individual Defendants**

21 32. Defendant Mark Widmar ("Widmar") has served as First Solar's Chief
22 Executive Officer ("CEO") since July 2016. Widmar has also served as a member of
23 First Solar's Board of Directors ("Board") since 2016. Widmar previously served as the
24 Company's Chief Financial Officer ("CFO") from April 2011 to June 2016. As alleged
25 herein, Widmar made materially false or misleading statements and omissions during
26 First Solar's earnings conference calls on February 21, 2019, May 2, 2019, August 1,
27 2019, and October 24, 2019, and in a Company press release issued on September 19,
28 2019. Widmar also signed First Solar's 2018 Form 10-K, filed with the SEC on February

1 22, 2019 (“2018 Form 10-K”), which contained materially false and misleading statements
2 and omissions. Finally, Widmar served on the Board when the Company issued its
3 April 3, 2019 annual proxy statement, which contained materially false and misleading
4 statements and omissions. During the Class Period, Defendant Widmar sold almost
5 139,000 shares of First Solar common stock, earning proceeds of nearly \$8 million.

6 33. Defendant Alexander R. Bradley (“Bradley”) has served as First Solar’s
7 CFO since October 2016. From May 2008 until his appointment as CFO, Bradley served
8 as “Vice President of both Treasury and Project Finance.” As alleged herein, Bradley
9 made materially false or misleading statements and omissions during First Solar’s
10 earnings conference call on October 24, 2019. Bradley also signed First Solar’s
11 2018 Form 10-K, which contained materially false and misleading statements and
12 omissions. During the Class Period, Defendant Bradley sold over 29,000 shares of First
13 Solar common stock, earning proceeds of more \$1.5 million.

14 34. Defendant Georges Antoun (“Antoun”) has served as First Solar’s Chief
15 Commercial Officer (“CCO”) since July 2016. As alleged herein, Antoun made
16 materially false or misleading statements and omissions in Company press releases issued
17 on October 23, 2019 and December 17, 2019. During the Class Period, Defendant
18 Antoun sold over 110,000 shares of First Solar common stock, earning proceeds of more
19 \$6.3 million.

20 35. Defendants Widmar, Bradley, and Antoun are collectively referred to
21 herein as the “Individual Defendants.”

22 **C. Certain Relevant Non-Parties**

23 **1. First Solar Executives**

24 36. Raffi Garabedian (“Garabedian”) served as First Solar’s Chief Technology
25 Officer from May 2012 through the end of the Class Period.

26 37. Philip Tymen deJong (“deJong”) served as the Company’s Chief Operating
27 Officer from July 2015 through the end of the Class Period.

28

1 **2. Former Employees¹**

2 38. FE 1 was a First Solar engineer from at least 2016 through the end of the
3 Class Period. FE 1 worked out of First Solar’s headquarters in Tempe, Arizona
4 throughout his tenure.

5 39. FE 2 was a regional manager who worked for First Solar from at least 2016
6 to 2020 and was responsible for overseeing EPC construction quality for First Solar in
7 many countries across the world. In this role, FE 2 would receive notifications of
8 problems with the Series 6 that he should assess in the form of emails or reports.

9 40. FE 3 was a First Solar quality assurance specialist and electrical lead from
10 mid-summer 2018 to late summer 2019. In this role, FE 3 inspected Series 6 modules at
11 the Willow Springs project.

12 41. FE 4 was a power plant manager in First Solar’s O&M division. FE 4
13 worked at approximately 10 sites in multiple states between 2019 and 2020. Several of
14 these sites utilized the Series 6.

15 42. FE 5 was a Lead in First Solar’s Quality Assurance group from at least
16 2016 to 2020. In this role, he worked to ensure quality systems installation, including for
17 sites using the Series 6.

18 43. FE 6 was a project manager in O&M throughout the Class Period. In this
19 role, he worked to integrate O&M sites, including sites that used the Series 6, into First
20 Solar systems.

21 44. FE 7 was a logistics coordinator with First Solar from at least 2016 to late
22 2019. In this role, FE 7 worked on numerous development projects for First Solar,
23 including installations of the Series 6.

24
25
26
27 _____
28 ¹ Former Employees (“FEs”) will be identified herein by number (FE 1, FE 2, etc.).
Regardless of gender, all FEs will be described in the masculine to protect their identities.

1 45. FE 8 was a First Solar employee from at least 2016 to summer 2019 who
2 worked as a supply chain manager in First Solar’s EPC segment. In this role, FE 8
3 worked directly on projects that installed the Series 6.

4 **IV. FACTUAL ALLEGATIONS**

5 **A. First Solar’s Class Period Business Model**

6 46. As discussed above, during the Class Period, First Solar operated two main
7 segments—the Modules Segment and the Systems Segment, also referred to as
8 “Systems.” The Company explained the management and financial contributions of these
9 Segments in its 2018 Form 10-K, filed with the SEC on February 22, 2019 (“2018 Form
10 10-K):

11 Our segments are managed by our Chief Executive Officer, who is also
12 considered our chief operating decision maker (“CODM”). Our CODM
13 views sales of solar modules or systems as the primary drivers of our
14 resource allocation, profitability, and cash flows. Our modules segment
15 contributes to our operating results by providing the fundamental
16 technologies and solar modules that drive our business and sales
17 opportunities, and our systems segment contributes to our operating
18 results by using such modules as part of a range of comprehensive PV
19 solar energy solutions, depending on the customer and market
20 opportunity.

18 **1. The Modules Segment**

19 47. First Solar was the world’s largest manufacturer of thin-film solar PV
20 modules during the Class Period. Unlike many traditional solar panels, First Solar’s
21 modules utilize a thin layer or film of semiconductor material. The Company claims that
22 this thin-film technology increases the energy production capabilities of the modules, in
23 addition to providing other advantages compared to traditional panels. Once assembled
24 and installed outside in the sunlight, energy from the sun is absorbed by the PV cells in
25 the panels and converted into electricity. Solar modules can be used individually, or
26 several modules can be connected to form an array. One or more arrays are then
27 connected to an electrical grid to form a PV system.

1 48. During the Class Period, First Solar’s panels were manufactured by its
2 Modules Segment. The primary customers for First Solar’s modules were integrators and
3 operators of PV solar power systems, including Cypress Creek Renewables (an integrated
4 solar and storage company that develops and owns solar and storage projects), Longroad
5 Energy (a renewable energy developer focused on the development, ownership, and
6 operation/asset management of wind and solar energy projects), and NextEra Energy
7 (a utility company that generates wind and solar power and bills itself as the world’s
8 largest utility company).

9 49. Prior to 2019, First Solar primarily manufactured and sold its Series 4 solar
10 module. The Series 4 module measured approximately two feet by four feet, with a peak
11 electrical power output rating of 125 watts.

12 50. At end of 2016, First Solar announced it would be phasing out the Series 4
13 module and transitioning to its new module, the Series 6. The Series 6 was intended to
14 be larger (measuring approximately four feet by six feet) and more powerful (with a peak
15 electrical power rating of over 400 watts) than the Series 4.² The shift from the Series 4
16 to the Series 6 required a significant capital investment from First Solar. Indeed,
17 retooling just one of the Company’s manufacturing facilities, in Perrysburg, Ohio, to
18 produce the Series 6 modules cost approximately \$177 million and took almost a year to
19 complete.

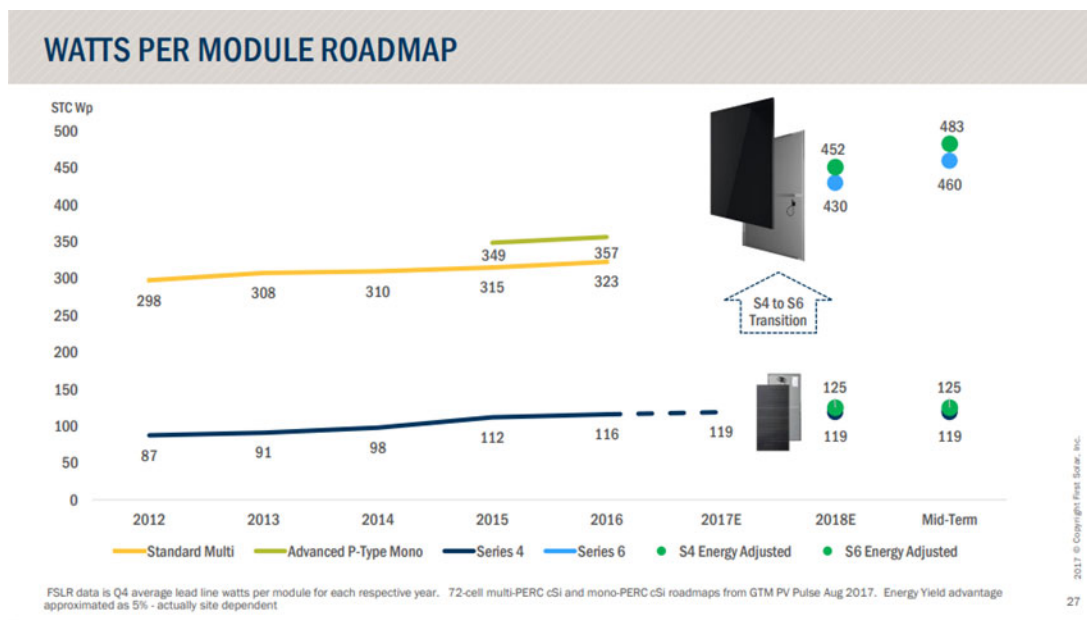
20 51. Against this backdrop, Defendants were eager to ramp up production of the
21 new Series 6 panels. As Defendant Widmar explained in a November 16, 2016 press
22 release, “[t]he acceleration of the Series 6 roadmap is an important development for First
23 Solar” and “we expect the transition to Series 6 will enable us to maximize the intrinsic
24

25 ² Power output for solar panels is often discussed in terms of the “bin” or “bin
26 class” for the module, which is based on 5-watt increments, e.g., 400 watts, 405 watts,
27 410 watts. A module’s bin class is determined by the range within which the module’s
28 wattage falls, rounded down. For example, a module with a 404 watt output is classified
as a 400-watt module and a module with a 406 watt output is classified as a 405-watt
module.

1 cost advantage of [First Solar’s] thin-film technology” when compared to more
2 traditional solar panel technology.

3 52. The Company’s key executives (Widmar, Bradley, DeJong, and
4 Garabedian) “unveiled the first functional Series 6 . . . off the company’s Perrysburg,
5 Ohio new production line” on December 5, 2017. During First Solar’s Analyst Day
6 conference call that same day (“Analyst Day Call”) the Company’s executives touted the
7 Series 6 as the cheapest, most reliable, and most bankable solar module yet. As
8 Defendant Widmar told investors, the “Series 6 is going to give us a differentiated
9 product and a position of strength, which we now can evaluate, how we want to engage
10 the market, and how we think about capacity expansion.”

11 53. Key to the executives’ pitch to the market regarding First Solar’s new
12 module was the increased footprint and output of the Series 6, compared to the Series 4.
13 For instance, Garabedian presented the below slide, titled “Watts Per Module Roadmap,”
14 which indicated that the Series 6 modules would produce an average output of 460 watts
15 after ramp-up, far surpassing the 125 watt capabilities of the Series 4.



27 54. As Garabedian explained: “Now here, you see the transition to Series 6.
28 So Series 6 will launch with a 430, roughly, watt nameplate. That’s after the initial ramp

1 and stabilization of the production line. And then, in the midterm, we intend to get
2 Series 6 up to around 460 watts.”

3 55. Notably, Garabedian told investors that the Company would begin to report
4 watts per module for the Series 6, rather than the percent power conversion metric that
5 First Solar had used in the past. In explaining this transition, Garabedian stated:

6 Now as we convert to Series 6, we’re taking the opportunity to actually
7 switch to the more conventional metric of watts per module. Why are we
8 doing this? It’s because that’s what our customers are thinking, that’s
how our competitors sell, and so we’re going to do that as well.

9 56. Another key theme of the executives’ Series 6 presentation was that the
10 new module would reduce costs, specifically the cost per watt, rendering it a more
11 profitable and competitive product when compared to the Series 4. For example, in
12 discussing the costs of the Series 6, Garabedian presented a slide highlighting the “LOW
13 MODULE CPW [cost per watt]” with the Series 6 and represented that the Series 6
14 would have a “40% reduction vs. Series 4.”

15 57. Garabedian also addressed the Company’s careful attention to the Series 6
16 design, stating:

17 The design of the Series 6 module, not only its size but also the design of
18 the frame and other elements of the module, affect about 20% of this pie,
19 right? These are things like the electrical balance of system, the wiring,
20 the DC wiring, the structure, the labor installation velocity of getting the
21 modules up onto that structure and wired and connected. So these are all
22 factors that we’ve taken a very, very careful look at, we’ve studied
23 deeply, and we’ve optimized the Series 6 design to go and deliver the
lowest cost -- possible costs in all of these areas, which ultimately
delivers greater value, not only to our own EPC and project development
activities, but also to our third-party customers.

24 58. In addressing the mounting of the Series 6, Garabedian stated: “We have
25 an innovative dual junction box, dual [cord plate] on this module.”³

26 _____
27 ³ A “cord plate,” also referred to as a “junction box,” is a device that is affixed to
28 the back of a solar module. The cord plate connects the solar panel and the wiring to
enable power generation. The cord plate is typically designed with waterproof and

1 59. Defendant Widmar echoed Garabedian’s remarks touting the Series 6,
2 calling the new module “a differentiated technology” and explaining that “as we move to
3 Series 6, I’ve [sic] even created a more disruptive position from a cost standpoint.”

4 60. As detailed in Section IV.B below, First Solar continued to hail the
5 increased output and cost reduction capabilities of the Series 6 during the Class Period,
6 despite the fact that the Company experienced significant issues with the module,
7 including manufacturing and performance defects and low and inconsistent output, as
8 confirmed by multiple former First Solar employees.

9 **2. The Systems Segment**

10 61. During the Class Period, First Solar’s Systems Segment “provide[d]
11 complete turn-key PV solar power systems, or solar solutions, that draw upon our
12 capabilities, which include (i) project development, (ii) EPC [i.e., engineering,
13 procurement, and construction] services, and (iii) O&M [i.e., operations and
14 maintenance] services.”

15 62. Importantly, the Systems Segment created solar power plants where First
16 Solar could install its solar modules. As the Company explained in its 2018 Form 10-K,
17 “our systems segment contributes to our operating results by using such [First Solar]
18 modules as part of a range of comprehensive PV solar energy solutions, depending on the
19 customer and market opportunity.” According to its 2019 Form 10-K, filed with the SEC
20 on February 21, 2020 (“2019 Form 10-K”), the primary customers of First Solar’s
21 Systems Segment during the Class Period included “utilities, independent power
22 producers, commercial and industrial companies, and other system owners.”

23 63. As part of the Systems Segment, the Company’s Project Development
24 business worked to, among other things, select, secure, and maintain a site for the
25 potential construction of a solar power system or plant; obtain any necessary studies and
26

27 fireproof sealing, among other protective technologies, to ensure the components are
28 protected from the elements.

1 permits for the site; and enter into a power purchase agreement (“PPA”), with a third
2 party or “off-taker,” with respect to the solar power to be generated by the project.⁴ First
3 Solar explained in its 2018 Form 10-K that Project Development’s “activities culminate
4 in receiving the right to construct and operate a PV solar power system.”

5 64. During the Class Period, the Project Development business generated a
6 significant percentage of the Company’s revenues from contracts with customers.
7 According to First Solar’s 2019 Form 10-K, the Project Development business, reflected
8 in the line items for “Solar power systems” in First Solar’s Form 10-K, generated
9 approximately \$1.15 billion of the total \$3.06 billion in revenue from these customer
10 contracts. For the year ended December 31, 2018, the figure was even higher, with
11 “Solar power systems” generating approximately \$1.2 billion of the Company’s total
12 \$2.2 billion in revenue from contracts with customers.

13 65. Prior to the start of the Class Period, Defendants established a 1-gigawatt
14 per year target for new projects within the Project Development business. In discussing
15 the Company’s annual new business target for Project Development, Defendant Bradley
16 stated during the Analyst Day Call: “From a business mix perspective, we look to have
17 about 1 gigawatt a year of development business, some incremental EPC business, O&M
18 business and then a significant expansion of module sales as we grow capacity.”
19 Defendant Widmar similarly explained with respect to this target, that “it will be around
20 1-gigawatt or so, as we look at [it] over the next few years.”

21 66. Later during the Analyst Day Call, Defendant Antoun echoed Defendant
22 Bradley’s and Defendant Widmar’s statements, explaining “we believe [what] we’ll do is
23 a 1 gigawatt per year of our own development.” Antoun explained that 1 gigawatt
24 provided a good balance because it gave First Solar “the technical differentiation, the
25

26 ⁴ A PPA is a contract used in the solar industry in which a developer arranges for
27 the design, permitting, financing, and installation of a solar energy system for a customer
28 with little upfront costs for the customer and then sells the power generated at the solar
energy system to the customer at a quantity, rate, and term of years as specified in the
PPA.

1 commercial know-how” and “at the same time,” allowed the Company to “maintain the
2 relationship and the balance with our customers, our partners that are developers
3 themselves and mak[e] sure that we turn that capacity to help them also go out there and
4 win.”

5 **3. First Solar’s Vertically Integrated Business Model**

6 67. Due to its interrelated Modules and Systems Segments discussed above,
7 First Solar stood to generate income not only through the manufacture and sale of solar
8 panels and the creation of Project Development sites, but also through the EPC and O&M
9 businesses that continued to earn money for First Solar after a project was developed and
10 then sold.

11 68. Specifically, during construction and after a site was sold, the Company’s
12 EPC business provided engineering design and related services, such as construction
13 contracting, while the Company’s O&M business provided support to the sites, including
14 activities associated with operating and maintaining a solar power system.

15 69. Significantly, the solar power systems or plants, developed by the Project
16 Development business, primarily utilized the Company’s solar modules, including the
17 Series 6. As Defendant Widmar explained during the 2017 Analyst Day Call: “[A]ll the
18 development assets for next year, at least project assets, are going to be constructed with
19 Series 6” consistent with the Company’s strategy “to accrete value through our own
20 development pipeline by using Series 6.” Thus, according to industry analysts, First
21 Solar’s value proposition was premised on its “through-cycle support from project
22 development,” which is where “most of the multi-year gross profit emanates, irrespective
23 of manufacturing’s booms and (and mostly) busts.”

24 70. First Solar’s 2018 Form 10-K provided the following description of the
25 Company’s business model, emphasizing the purported benefits of its vertically
26 integrated structure:

Vertical Integration

We are vertically integrated across substantially the entire solar value chain. Many of the efficiencies, cost reductions, and capabilities that we deliver to our customers are not easily replicable for other industry participants that are not vertically integrated in a similar manner. Accordingly, our operational model offers PV solar energy solutions that benefit from our wide range of capabilities, including advanced PV solar module manufacturing, project development, engineering and plant optimization, grid integration and plant control systems, procurement and construction services, and O&M services.

71. First Solar’s annual proxy statement on Form DEF 14A, filed with the SEC on April 3, 2019, similarly stated:

We believe that our strategies and points of differentiation, which include our advanced module and system technologies, our manufacturing process, our vertically-integrated business model, our financial viability, and the sustainability of our modules and systems, provide the foundation for our leading industry position and enable us to remain one of the preferred providers of PV solar energy solutions.

72. In the months leading up to the Class Period, Defendants repeatedly boasted about the advantages of the Company’s vertically-integrated business structure—confirming the importance of the Project Development business to First Solar’s strategy and profitability. For example, during the 2017 Analyst Day Call, Defendant Widmar explained that “the reason we wanted to be in development as well as within EPC is it allows us to optimize the value chain, it allows us to be an influencer, it allows us to drive cost out.” Defendant Bradley similarly emphasized the Company’s commitment to its vertically integrated structure and the Project Development business during the Analyst Day Call, stating: “I want to be very clear . . . We are in no way exiting the development or EPC businesses[;] . . . we are very much in the development game. It is core to our strategy as is the EPC business in the U.S.”

4. Relevant First Solar Projects

73. Prior to and during the Class Period, First Solar had several important, active projects where its new Series 6 modules were being installed. These projects

1 included, among others: California Flats, Willow Springs, Seabrook, Mount Signal II,
2 Cove Mountain, Sun Streams, and Sunshine Valley.

3 74. California Flats is a 280-megawatt PV solar power station located near the
4 borders of San Luis Obispo County and Monterey County in California. First Solar
5 acquired the project in 2015 and began full construction on the site in 2016. In 2017,
6 First Solar sold the project to Capital Dynamics, a private asset management firm, and
7 partnered with Capital Dynamics until the project's completion, which was announced on
8 May 28, 2019. FE 1 reported that California Flats was First Solar's first commercial
9 project to receive Series 6 modules.

10 75. Willow Springs is a 110-megawatt PV solar power station located in Kern
11 County, California, which was originally developed by First Solar. In October 2018,
12 while the project was still under construction, First Solar sold the project to D.E. Shaw
13 Renewable Investments ("D.E. Shaw"). Willow Springs is powered, in part, by Series 6
14 modules.

15 76. Seabrook is a 72-megawatt PV solar power station located in Beaufort
16 County, South Carolina. First Solar developed the Seabrook project using Series 6
17 modules before selling it to Dominion Energy in October 2019.

18 77. Mount Signal II is a 200-megawatt PV solar power station in Imperial
19 County, California. Swinerton Renewable Energy built Mount Signal II using Series 6
20 modules.

21 78. Cove Mountain is a 180-megawatt PV solar power station in Iron County,
22 Utah. First Solar developed the project before selling it to D.E. Shaw in October 2019.
23 The project is powered by Series 6 modules.

24 79. Sun Streams is a 154-megawatt PV solar power station in Maricopa
25 County, Arizona. First Solar installed Series 6 modules at Sun Streams before selling the
26 project to ConnectGen LLC ("ConnectGen") in 2019.

27
28

1 80. Sunshine Valley is a 104-megawatt PV solar power station in Nye County,
2 Nevada. First Solar installed Series 6 modules at Sunshine Valley before selling the
3 project to ConnectGen in 2019.

4 **B. Defendants Fraudulently Conceal Issues With the Series 6**

5 81. Throughout the Class Period, Defendants made materially false or
6 misleading misstatements and omissions concerning the Series 6. Specifically,
7 Defendants boasted about the purported consistent improvement of the watts per module
8 metric for the Series 6 and further represented that the Company was hitting the
9 milestones necessary to meet its stated Series 6 cost per watt reduction target. Thus,
10 according to Defendants, the Series 6 was outperforming and would continue to
11 outperform the Series 4 with respect to both cost efficiency and wattage output.

12 82. Importantly, Defendants knew that investors were keenly focused on the
13 cost per watt figure for the Series 6. Indeed, the Company represented in its 2018 Form
14 10-K that the Series 6 was “among the lowest cost module manufacturers in the solar
15 industry on a module cost per watt basis” and further stated that “[t]his cost
16 competitiveness allows us to compete favorably in markets where pricing for modules
17 and fully integrated PV solar power systems is highly competitive.”

18 83. Unbeknownst to investors, however, the Series 6 had a component that was
19 failing in the field and causing fires, among other defects, and fell short of its cost per
20 watt and watts per module targets.

21 **1. Defendants Misleadingly Affirm That the Series 6 Was Meeting**
22 **Its Wattage and Cost Reduction Targets**

23 84. On February 21, 2019, after the market had closed on the day before the
24 start of the Class Period, First Solar hosted its 2018 fourth quarter and full year earnings
25 call. During this call, Defendants discussed First Solar’s plan to reduce the cost per watt
26 for the Series 6 in 2019. As Defendant Bradley explained: “Module cost per watt is
27 expected to improve in the second quarter but will still be 5% higher than the average.
28 The greatest benefit of our improved ramp and efficiency is anticipated to be in the

1 second half of the year. In the third quarter, the cost per watt is expected to be 5% below
2 and the fourth quarter 10% below the 2019 full year average.”

3 85. Over the next several months, Defendants repeatedly represented that the
4 Company was achieving the milestones necessary to meet the cost per watt reduction
5 target for the Series 6. For example, during the Company’s May 2, 2019 earnings call,
6 Defendant Widmar represented that First Solar had “*achieve[d] our first quarter Series 6*
7 *cost-per-watt objective.*”

8 86. During First Solar’s August 1, 2019 earnings call, Defendant Widmar again
9 referenced the cost per watt target, stating: “The progress we have made ramping our
10 factories has been a key contributor, enabling the achievement of our Series 6 cost per
11 watt objectives for the first half of 2019.”

12 87. Defendant Widmar made similar representations during the Company’s
13 October 24, 2019 earnings call, stating that the Company was actually ahead of its cost
14 per watt target: “Relative to our expectations for Q3, we are pleased with the progress
15 made and *are slightly ahead of the road map* laid out during the 2018 year-end earnings
16 call which took place in February.”

17 88. Defendants likewise assured investors that First Solar was seeing steady
18 improvement in the output, or watts per module, for the Series 6. The output metric was
19 particularly important because, as discussed by several FEs (*see* Section IV.B.2.b below),
20 First Solar’s customer contracts had provisions that required a certain wattage output.
21 When the Series 6 modules failed to generate the necessary wattage, First Solar was
22 forced to replace the modules or add additional modules to a project in order to generate
23 the contractually-required output. Otherwise, the Company would be required to pay
24 liquidated damages.

25 89. Analysts accepted Defendants’ Class Period representations regarding the
26 improvements in the Series 6 metrics without reservation. For example, in an August 2,
27 2019 report, J.P.Morgan stated: “The firm is on track to reduce cost per watt by 30% by
28 4Q19 from 1Q19, with continued cost-out momentum into 2020.” A Cowen analyst

1 report dated October 25, 2019, likewise noted: “The operational performance of Series 6
2 is improving as well, with yield, watt/module, and ARC utilization all increasing.” An
3 October 25, 2019 report from J.P. Morgan similarly observed that there were
4 “improvements in Series 6 output and cost reductions” and reported: “The firm is
5 generally on track to reduce cost per watt by ~30% by 4Q19 from 1Q19, with continued
6 cost-out momentum into 2020.”

7 90. As discussed below, however, far from the positive picture of progress that
8 Defendants painted publicly, behind the scenes, the Series 6 was experiencing significant
9 problems, which were concealed from investors, and which prevented the modules from
10 reaching the cost per watt and watts per module targets.

11 **2. The Series 6 Suffers From Significant, Undisclosed** 12 **Manufacturing and Reliability Problems**

13 91. Multiple FEs have confirmed that while Defendants were touting the
14 Series 6’s progress and ability to meet the stated cost per watt and watts per module
15 objectives, First Solar was experiencing significant undisclosed issues with the module.
16 According to the FEs, the undisclosed problems plaguing the Series 6 prior to and during
17 the Class Period included: (i) the Series 6 had failures with respect to its wiring system,
18 including incidents that caused fires in the field; (ii) the Series 6 failed to meet wattage
19 output targets by sizable margins and demonstrated inconsistent, variable wattage; and
20 (iii) the Series 6 was negatively impacted by significant issues with packaging and
21 transportation that resulted in large numbers of damaged modules.

22 92. The issues with the Series 6, which in many instances required First Solar
23 to repair or replace the defective modules, as confirmed by the FEs, increased the costs
24 associated with producing each watt of power, and thus had a detrimental impact on the
25 Company’s all-important cost per watt metric. Several of the issues also impacted the
26 Company’s watts per module figure for the Series 6.

1 **a. Electrical Problems**

2 93. Multiple FEs confirmed that First Solar was experiencing significant
3 electrical problems with the Series 6 modules, including issues that were causing fires
4 after the modules had been installed in the field.

5 94. In his role within the Company’s Quality group, FE 2, received reports of
6 issues with the Series 6, including issues causing fires in the field. As, FE 2 explained,
7 First Solar’s manufacturing team located in Perrysburg, Ohio would email reports to his
8 Quality group describing the problems and asking the Quality personnel to inspect the
9 modules and identify defective units. According to FE 2, in late 2018 and early 2019,
10 these Series 6 issues included problems with the cord plate and the “potting,”⁵ which was
11 causing the cord plate to come loose, and in some instances, catch fire. FE 2 explained
12 that the reports from the manufacturing team asked the Quality personnel on his team to
13 inspect the cord plates and potting in the field, including at the California Flats project, to
14 try and identify modules affected by this defect. FE 2 confirmed that the potting
15 problems were unique to the Series 6 and were not experienced with First Solar’s Series 4
16 modules.

17 95. FE 1 also recalled hearing reports of fires at the California Flats project
18 around early 2019.

19 96. FE 3 reported that there were quite a number of fires in the Series 6
20 junction boxes at Willow Springs, which he described as a “major problem.” FE 3
21 explained that the junction boxes would be blown out and short circuited. FE 3 reported
22 that the junction box issues began in 2018 and persisted throughout 2019. FE 3 further
23 stated that when the junction boxes blew out, it would take down the entire electrical
24 circuit at the project. FE 3 indicted that with respect to the junction box fires, First Solar
25 only cared about getting the modules replaced.

26
27 ⁵ “Potting” refers to a process through which a potting gel is used to adhere the cord
28 plate or junction box to the back of a solar panel. The potting process seals the cord plate
to provide protection from the elements.

1 97. FE 4 similarly reported that the Series 6 experienced fires in the back of the
2 panel junction box, which would melt and disable the module. FE 4 indicated that, as a
3 result of this malfunction, the Series 6 modules were disabled at certain First Solar
4 projects, including Mount Signal II, Cove Mountain, and Sun Streams.

5 98. FE 5 also stated that there were issues with the wiring for the Series 6 that
6 were causing the fires in the junction boxes. Specifically, FE 5 reported that he worked
7 at the same First Solar facility in Mesa, Arizona that housed the Company's Arizona Test
8 Site. According to FE 5, the lab at the Arizona Test Site was working on developing a fix
9 for the defective Series 6 junction boxes. Based on his conversations with his colleagues
10 working in this lab, FE 5 understood that there was a wiring connection in the junction
11 box for the Series 6 modules that was not a complete connection. As FE 5 explained, this
12 open connection caused overheating that melted the junction box and resulted in fires.
13 FE 5 stated that the First Solar employees at the Arizona Test Site spent more than a year
14 trying to come up with a solution for the defective wiring and melting junction boxes. FE
15 5 reported that one of the potential fixes tested by the lab personnel was the installation of
16 a metal box over the junction box. However, the metal box got so hot that it started more
17 fires. FE 5 stated that he saw melted junction boxes on the Series 6 modules that resulted
18 from the arcing.

19 99. FE 5 reported his understanding that the issues with the faulty wiring
20 impacted at least the first 200,000 Series 6 modules to come off the production line and
21 that First Solar had decided not to assign an inspector to the production line for these
22 initial Series 6 modules, so the Company did not have anyone checking the junction
23 boxes. FE 5 understood that these modules were sent to the California Flats and Willow
24 Springs projects, in addition to another First Solar project located in the same area.
25 According to FE 5, all three of these projects experienced problems with melting Series 6
26 junction boxes and resulting fires. FE 5 further reported that rather than recall failing
27 modules, which the Company feared would signal issues with the Series 6, the Company
28

1 dispatched a number of manufacturing engineers to the field to attempt to address
2 burning wires.

3 100. According to FE 5, First Solar rushed the Series 6 modules, into
4 production, which resulted in a number of quality issues, including the fires.

5 **b. Output Problems**

6 101. A number of FEs also confirmed that the output for the Series 6 modules
7 was not only inconsistent, but that the modules were unable to reach the target output
8 once installed. Indeed, these FEs confirmed that the output for the Series 6 was
9 significantly below First Solar’s 460 watts per module midterm target. The output
10 inconsistencies and shortfalls negatively impacted First Solar in several ways, including
11 forcing the Company to pay liquidated damages to customers, cancel module deliveries
12 and installations, or to install additional panels in order to deliver the wattage required by
13 its contracts.

14 102. FE 1, an engineer, recalled that the Series 6 rollout was “met with
15 challenges,” and that First Solar had “not realized” its intended “panel capacity” for that
16 module at any point during his tenure, which ended in 2021. FE 1 reported that when the
17 Series 6 was first released in late 2018, the panels were providing somewhere between
18 400 and 420 watts and were installed at the California Flats project in California. FE 1
19 explained that 440 watts was the internal “benchmark” wattage for 2019, but confirmed
20 that the Series 6 had never reached this benchmark by the time he left First Solar in 2021.
21 According to FE 1, the output for each module was indicated on the panel. FE 1 recalled
22 that the numbers on the modules never indicated “440” before he left the Company in
23 2021.

24 103. With respect to the California Flats project specifically, FE 1 advised that
25 First Solar had been experiencing variabilities in wattage at this site and stated that he
26 worked on mapping the placement of the Series 6 modules based on output for the
27 California Flats – South area of the project. According to FE 1, when the project was
28

1 completed as originally designed, California Flats – South was short on “DC Capacity,”
2 so First Solar had to install additional modules and arrays.

3 104. FE 2 also reported that the Company was forced to add additional modules
4 to several construction sites in 2019 because the Series 6 was not generating the
5 necessary wattage to meet the requirements set forth in the PPAs. FE 2 indicated that
6 First Solar could not produce consistent wattage for the Series 6 modules off the
7 production line. FE 2 believed output issues occurred at California Flats and possibly
8 Willow Springs. FE 2 learned of these issues from his field inspector who would have to
9 revise his inspection reports to reflect the added rows of modules.

10 105. FE 4 reported that it was not uncommon for Series 6 sites to be divided up
11 into areas where, for example, one area of the field had an output of 380 watts per
12 module, another had 400, and another had 360 because the panels in those areas came off
13 the production line at different times and differed in their wattage capabilities. FE 4
14 further described Series 6 customer contract issues, including with D.E. Shaw, due to
15 under-production in terms of wattage. FE 4 recalled that several plants with Series 6
16 modules were not meeting the wattage required under First Solar’s contracts or PPAs,
17 causing the Company to pay liquidated damages.

18 106. FE 6 reported that the Series 6 failed to produce the expected output, and
19 stated that, because certain modules fell well below wattage output targets, the Company
20 could not deliver those modules to customers.

21 **c. Broken Modules**

22 107. FE 7, a site logistics coordinator, reported that the Series 6 modules were a
23 logistical nightmare. FE 7 stated that the modules were very large and fragile and
24 indicated that there were numerous packaging failures. According to FE 7, the Series 6
25 modules were packaged in a wood frame and weighed approximately 1,600 to 1,700
26 pounds. The packaged modules were so large that the only way to lift them off the truck
27 was to use an extendable boom. FE 7 stated that because most job sites did not have
28 suitable flat area for unloading, modules were broken while they were unloaded. FE 7

1 reported that during the second phase of the California Flats project, about half of the
2 Series 6 panels were broken prior to installation. FE 7 further stated that he was
3 constantly shipping Series 6 modules back to Ohio for repair. FE 7 indicated that the
4 combination of replacing damaged modules being delivered to the site as well as
5 replacing defective modules identified during installation increased the cost of each
6 project. FE 7 confirmed that all of these costs would be reflected in the cost per watt for
7 the modules.

8 108. FE 8 also reported issues with Series 6 modules being broken prior to
9 installation, and recalled that the modules were being damaged in transit. According to
10 FE 8, the Series 6 modules were used in the last phase of the California Flats project.
11 FE 8 explained that if modules were arriving broken, then the cost per watt would
12 increase because First Solar would need to ship additional modules.

13 **3. Defendants Knew of or Recklessly Disregarded the Undisclosed**
14 **Issues Related to the Series 6 During the Class Period**

15 109. In addition to detailing the myriad issues plaguing the Series 6 modules, the
16 FE accounts confirm that Defendants, the senior-most officers and executives of the
17 Company, were aware of and/or had access to information regarding these problems
18 during the Class Period.

19 **a. Attendance at and Participation in Town Hall Meetings**

20 110. Multiple FEs indicated that issues with the Series 6 were discussed at the
21 Company's "Town Hall" meetings, with Defendants in attendance personally.

22 111. In describing these meetings, FE 4 stated that almost every quarter during
23 the period from at least 2018 through 2020, Defendant Widmar held "all hands town
24 hall" meetings at the Company's Tempe office, typically on or around the day of First
25 Solar's earnings call. FE 4 confirmed that he attended each such Town Hall meeting,
26 either in person or via WebEx. FE 4 reported that Defendant Widmar typically led these
27 meetings, but that Defendants Bradley and Antoun also spoke at the Town Halls.
28

1 112. FE 1 reported that up to the end of his tenure in 2021, he attended quarterly
2 “all-hands” meetings that were led and attended by Defendants Widmar and Antoun.
3 FE 1 further recalled that Widmar and other senior executives admitted at these meetings
4 that the Company had not yet reached the “baseline” output of 440 watts for the Series 6
5 panels.

6 **b. Reporting on Series 6 Issues**

7 113. The FEs also confirmed that, in addition to the Town Hall meetings, the
8 Individual Defendants were provided information or had access to information specific to
9 the Series 6 problems discussed above.

10 114. FE 2 explained that, in terms of the problems with the modules, the
11 Perrysburg manufacturing team would inspect and diagnose the issues and then notify the
12 Company’s C-Suite of any necessary training or meetings to address the problems. FE 2
13 also reported that he received PowerPoint slides discussing the problems with the
14 modules in the field and indicated that these slides would have been reviewed and
15 approved by First Solar’s C-Suite before he received them.

16 115. FE 2 further reported that when an issue became too unmanageable in the
17 field, the Company would send manufacturing personnel to look into the issue. FE 2
18 stated that Willow Springs and California Flats were two First Solar projects where the
19 manufacturing division had to send their own personnel to address issues with the
20 Series 6 modules.

21 116. Additionally, as FE 6 reported, the difference between the actual output of
22 certain Series 6 modules and the expected output was large enough that Company could
23 not ship the modules to customers. FE 6 confirmed the Company withheld such
24 shipments on multi-million dollar contracts. According to FE 6, there was no way that
25 First Solar’s upper management could not have known of decisions to withhold shipment
26 on modules for multi-million dollar contracts.

27 117. FE 7 also stated that from approximately July through September 2019,
28 there were major problems at First Solar’s Seabrook project. FE 7 reported that among

1 the issues at the Seabrook site were problems with the Series 6 modules. FE 7 said that
2 First Solar’s Vice President of Construction and two “Directors” visited the Seabrook site
3 to address the problems.

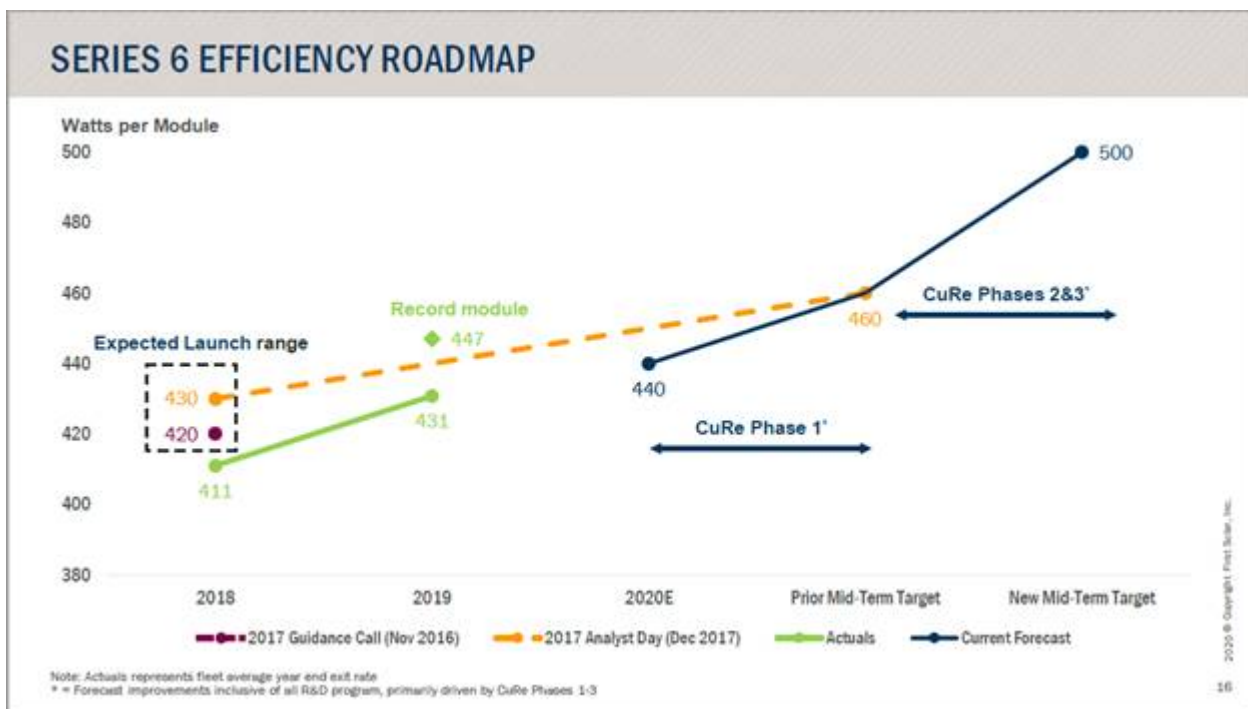
4 118. Importantly, while Defendants were well-aware of the problems with the
5 Series 6, they also knew that investors’ focus on the module and its performance would
6 be heightened significantly once the market learned that the pipeline for First Solar’s
7 Project Development division, a key component of the Company’s often-lauded
8 “vertically integrated structure” had dried up and Defendants had not only begun
9 dismantling the division, but were also looking to offload the entire business. Thus,
10 Defendants were motivated to conceal from investors the problems impacting the Series 6
11 and the module’s all-important cost per watt and watts per module metrics.

12 **4. Defendants Reveal That the Series 6 Is Facing Cost Challenges**
13 **and Fell Well Short of the Target Output and Discontinue**
14 **Disclosure of Cost Per Watt Figures**

15 119. During the Company’s 2019 fourth quarter and full year conference call on
16 February 20, 2020, First Solar disclosed that it was experiencing “challenges with regard
17 to certain aspects of the overall cost per watt” and revealed that the Company would not
18 realize its fleet-wide cost per watt goal in 2020, noting that the Company did “not
19 anticipate to fully overcome the cost challenges experienced in 2019.”

20 120. During this call, Defendants also disclosed that, despite repeatedly touting
21 the Company’s purported progress in improving the output of the Series 6, First Solar
22 was still well short of its 460 watt per module midterm target for the Series 6 and would
23 not hit this target for at least another year. Specifically, as the below slide presented by
24 Defendant Widmar demonstrated, First Solar had barely surpassed the “expected launch”
25 range of 430 watts per module, achieving an actual output of only 431 watts per module
26 by the end of 2019. According to this slide, the Series 6 was not forecasted to achieve the
27 460 watt per module benchmark until sometime after 2020.

28



13 221. In addition, Defendant Widmar told investors during this call that the
14 Company would not provide the market with a discrete cost per watt for its Series 6 units
15 going forward. Widmar explained this decision by claiming that customers had “start[ed]
16 to hold [the Company] accountable to a cost-plus model . . . [a]nd so we have purposely
17 moved away from giving a discrete cost per watt.”

18 222. Following the Company’s February 20, 2020 disclosures to the market,
19 including the news of the Series 6’s disappointing progress, the price of First Solar’s
20 common stock declined more than \$8 per share, or nearly 15%, from a close of \$59.32
21 per share on February 20, 2020, to close at \$50.59 per share on February 21, 2020.

22 **C. Defendants Misrepresent the Health and Prospects of the Project**
23 **Development Division and Conceal Their Plans for Its Elimination**

24 223. Throughout the Class Period, Defendants repeatedly represented that the
25 pipeline for Project Development was robust and that Project Development was an
26 integral component of the Company’s unique “vertical integration,” which purportedly
27 gave it a leg-up on its top competitors.
28

1 124. Contrary to Defendants’ positive statements, the Project Development
2 division was flailing. Indeed, prior to and during the Class Period, the Project
3 Development pipeline had all but dried up and the Systems Segment had experienced an
4 approximately 80% decline in market share. Things within the Project Development
5 division had gotten so bad that Defendants had quietly begun dismantling this division in
6 early 2019, while simultaneously exploring a sale of the business. All of this information
7 was concealed from investors.

8
9 **1. Defendants Tout the Strength of the Project Development**
10 **Pipeline and the Competitive Advantages Conferred by the**
11 **Business**

12 125. At all relevant times, Defendants repeatedly represented that First Solar
13 was meeting or exceeding the target of 1 GW per year in new Systems projects. For
14 example, just before the start of the Class Period, Defendant Widmar emphasized that the
15 Company’s “potential systems opportunities remain strong at 1.8-gigawatt DC,”
16 explaining that “[t]hese potential systems bookings are comprised of projects in the U.S.
17 and over 300 megawatts in Japan.” Defendant Widmar again boasted about the strength
18 of the Company’s Systems pipeline during First Solar’s second quarter 2019 earnings call
19 on August 1, 2019, stating that First Solar’s “mid- to late-stage pipeline include[d]
20 1.9 gigawatts of systems opportunities across U.S. and Japan.”

21 126. Defendants also emphasized that First Solar’s presence in the Project
22 Development sector conferred a competitive advantage on the Company. Specifically,
23 First Solar stated that “[m]any of the efficiencies, cost reductions, and capabilities that we
24 deliver to our customers are not easily replicable for other industry participants,” and
25 further represented that its “strategies and points of differentiation,” which “provide[d]
26 the foundation for our leading industry position and enable[d] us to remain one of the
27 preferred providers of PV solar energy solutions,” included the Company’s “vertically-
28 integrated business model.”

1 127. While promoting the robustness of the Project Development pipeline and
2 highlighting the importance of this division in helping to differentiate the Company from
3 its competitors, Defendants also effectively told investors that First Solar had long-term
4 plans for the division. Specifically, during the February 21, 2019 earnings call,
5 Defendant Widmar told the market that First Solar was making a “big investment” in the
6 Project Development business in order to secure future projects, stating that the Company
7 would be “investing somewhere, call it, \$300 million to \$400 million to secure, call it,
8 5 gigawatts of opportunities between now and 2023.” In subsequently announcing the
9 Company’s decision to outsource its EPC business, First Solar reaffirmed its intention to
10 maintain its presence in the project development sphere, stating that this decision would
11 allow the Company to continue “executing on our project development pipeline with the
12 same level of service that our customers have come to expect.”

13 **2. Defendants Conceal the Dwindling Market Share for Project**
14 **Development and the Company’s Plans to Exit the Business**

15 128. Contrary to Defendants’ rosy statements, First Solar’s Project Development
16 market share had declined drastically leading up to, and during, the Class Period. Indeed,
17 an in-depth analysis published by Barclays on January 15, 2020, which was based on data
18 from the Bloomberg New Energy Finance (BNEF) database, confirmed that First Solar’s
19 Systems Segment had “lost 80%+ of its U.S. market share.” As Barclays determined
20 from its analysis, while the Company had once “captured 20% of the market,” it reflected
21 only “4% of the pipeline” as of the date of the report.

22 129. Specifically analyzing the Company’s Project Development pipeline,
23 Barclays discovered that for 2018, First Solar’s pipeline projects represented just .6 GW
24 of the 32.0 GW in total U.S. projects, and for 2019, the number was even smaller, at just
25 .4 GW of the 32.5 GW in total U.S. projects. Barclays reported that it “could only find
26 two projects” which “represent[ed] just 1% of the . . . projects announced in the U.S. in
27 2019.” Thus, as Barclays observed with respect to “new project developments that
28 started in 2019,” the numbers were “especially low for First Solar.” According to

1 Barclays' analysis, the steep decline in First Solar's market share for Project
2 Development began as early as 2017, with the Company's market share of new U.S.
3 development projects decreasing markedly from approximately 14% in 2016, to
4 approximately 4% in 2017, before sinking to just under 2% in 2018, and then
5 approximately 1% in 2019.

6 130. Barclays' "core takeaway" from its analysis was that First Solar was
7 "struggling to compete with both old and new market participants," leading Barclays to
8 conclude that it is "unlikely that [First Solar] will be able to maintain a position among
9 the leading U.S. downstream players." In explaining "[w]hy has First Solar lost so much
10 market share in the U.S.?" Barclays concluded: "***First Solar has seemingly been, in
11 large part, priced-out of the U.S. downstream solar market.***"

12 131. Against the backdrop of the undisclosed, rapidly declining market share,
13 which was known to Defendants at all relevant times, multiple FEs confirm that First
14 Solar began quietly dismantling the business and internally discussing a potential sale in
15 2019.

16 132. FE 4 recalled First Solar's Project Development team stopped responding
17 to "RFPs,"⁶ and stopped bidding on jobs sometime in 2019. FE 4 explained that a
18 Company portal called "PINS" was a repository for all project documentation for Project
19 Development, EPC, and O&M. FE 4 had access to PINS and noticed very little activity
20 in the Project Development area of PINS beginning in 2019. FE 4 added that PINS
21 showed the project lifecycle from Project Development to EPC to O&M. Prior to 2019,
22 FE 4 noticed that the same Project Development area of PINS displayed much more
23 activity in terms of current and upcoming projects.

24 133. FE 4 also explained that prior to 2019, quarterly Town Hall discussions led
25 by Widmar and his team focused more on the Project Development pipeline, deals that
26 were made, and sometimes the numbers associated with those deals. FE 4 recalls that

27
28 ⁶ "RFPs" refers to requests for proposals.

1 beginning in 2019, no updates were given for Project Development, which FE 4 believes
2 was a result of the inactivity of the Project Development group.

3 134. FE 4 also recounted that he had conversations with colleagues in Project
4 Development, Utility and Market Origination, and Field Service at First Solar who
5 confirmed his belief that the Company was not actively seeking new development
6 projects.

7 135. FE 2 recalled that at the Company's Town Hall meetings during the first
8 half of 2019, which he indicated were led by the Individual Defendants, there were
9 discussions about Project Development being headed for dismantling.

10 136. FE 2 further stated that during the first half of 2019, Project Development
11 was laying people off. FE 2 explained that the Project Development personnel were told
12 in the first half of 2019 that they would need to have discussions with their managers
13 regarding who would be kept on and who would be laid off. According to FE 2, it
14 seemed that if a member of the Project Development team was not presently assigned to a
15 project, then they were terminated.

16 137. FE 6 stated that he heard in late 2018 or early 2019 that Project
17 Development was being shut down.

18 **3. Investors Learn the Truth Regarding First Solar's Project**
19 **Development Business**

20 138. Barclays' release of its January 15, 2020 report revealing the true state of
21 First Solar's development pipeline stunned the market. Following the publication of this
22 report, the Company's stock declined over \$4 per share, or nearly 7%, from a close of
23 \$58.78 on January 14, 2020, to close at \$54.75 per share on January 15, 2020.

24 139. On February 6, 2020, Barclays issued a follow-up report, "address[ing]
25 select points of feedback" in the wake of its January 15, 2020 report. Notably, in
26 response to the question, "*Does this [Systems] segment even matter?*," Barclays wrote:
27 "Yes, and it even implicitly matters to the Street and shareholders, even if they say
28 otherwise, based on what sits on their models." In expanding on the importance of the

1 Systems business, Barclays stated: “Systems has contributed *almost all of the gross*
2 *profit* over the last several years.”

3 140. In this follow-up report, Barclays also confirmed that the drastic decline in
4 market share revealed by its January 15, 2020 analysis was a surprise, stating “the
5 magnitude of the market share decline . . . surprised us,” and noting that “[w]ith
6 potentially few or no PPAs signed in 2019 . . . the standing guidance amount no longer
7 looks reasonable by 2021.” Barclays explained with respect to First Solar’s management,
8 that while “[m]aybe internally they agree” “with the decline in the Systems view,” the
9 “guidance [for the Systems Segment] is continually reiterated at 1+ GWac.” Indeed,
10 Barclays observed that even after closing the in-house EPC business, “[m]anagement has
11 reiterated its 1 GWac target, emanating from the higher margin development and sale of
12 full project companies.” Thus, as Barclays concluded, “[i]f management agrees, it has
13 yet to be messaged to the market.”

14 141. A little over a month after the initial Barclays report, on February 20, 2020,
15 Defendants announced that First Solar was exploring a sale of its Project Development
16 business, conceding that competition within the project development sphere had
17 increased and was impacting the Company’s ability to maintain market share. In the
18 wake of the Company’s February 20, 2020 disclosures, First Solar’s stock price declined
19 more than \$8 per share between market close February 20, 2020, and market close on
20 February 21, 2020.

1 **V. DEFENDANTS' MATERIALLY FALSE AND MISLEADING**
2 **STATEMENTS AND OMISSIONS**⁷

3 **A. Misrepresentations and Omissions Concerning the Series 6**

4 **1. February 21, 2019 Earnings Call**

5 142. After the market closed on February 21, 2019, First Solar held its 2018
6 fourth quarter and year-end earnings conference call. During this call, Defendant
7 Widmar made positive representations about the performance of the Series 6 and
8 downplayed concerns about the module, stating that First Solar had “*seen steady*
9 *improvement in our Series 6 throughput and wattage across our entire fleet,*” and
10 noting the “*significant improvements made*” between the module’s performance in
11 February versus October. Defendant Widmar also stated that the “*average watt per*
12 *module has increased 2 bins or 10 watts.*”

13 143. In response to an industry analyst’s concerns that the Company “may be
14 falling 5 watts per module short in your shipments to customers versus contractual
15 requirements or obligations, and this may be resulting in extra costs,” Defendant Widmar
16 reassured investors, stating:

17 *[W]e’re not falling short of any of our contractual obligations relative*
18 *to commitments to the customers on any of the product which we need*
19 *to ship to them [T]o the extent the bin [i.e., wattage class] is actually*
20 *higher or lower, then there’s an adjustment to the price accordingly for*
that delta, could be up or could be down.

21 144. In addressing the First Solar’s progress toward the stated cost per watt goal,
22 Defendant Widmar referenced certain “issues” that could potentially impact the
23 Company’s ability to meet this goal, but immediately downplayed their significance,
24 stating, “*we’ve got a path on how to improve that.*”

25
26
27

⁷ Defendants’ alleged false and misleading statements are specifically identified in
28 this Section through the use of bold and italic text.

1 145. The statements set forth in ¶¶ 142-44 above were materially false and
2 misleading, omitted material facts, and lacked a reasonable basis when made.
3 Specifically, as set forth in Section IV.B above, at the time Defendant Widmar made
4 these statements, Defendants knowingly or recklessly misrepresented, concealed, and/or
5 failed to disclose that:

6 (i) There were known, widespread issues with Series 6, including (1) faulty
7 connections that caused electrical malfunctions and resulted in module
8 failures and even field fires (¶¶ 93-100); and (2) the Company was
9 incurring significant damage to the modules during shipping, with around
10 half of the modules arriving to certain project sites broken (¶¶ 107-08).

11 (ii) The Series 6 modules were failing to generate the target watts per module
12 and the output for the modules varied drastically between units. The lower-
13 than-expected output led to wattage shortfalls that forced the Company to
14 install additional modules at project sites to meet the contracted-for power
15 production, pay liquidated damages, or withhold shipment altogether
16 because the modules could not produce the necessary output (¶¶ 101-06).

17 (iii) The problems with the Series 6 negatively impacted both the cost per watt
18 and the watts per module for the Series 6 (¶¶ 93-108).

19 By electing to speak publicly about the Series 6, including the “improvements” in the
20 module and the module’s ability to generate the necessary output, and thereby putting
21 these subjects into play, Defendant Widmar had a duty to fully, completely, and truthfully
22 disclose all material facts regarding the Series 6’s performance and output issues, which
23 negatively impacted the Series 6’s cost per watt and watt per module metrics, so as to not
24 mislead investors. As a result of the foregoing undisclosed material facts, Defendant
25 Widmar’s public statements were materially false and misleading at all relevant times.

26 **2. May 2, 2019 Earnings Call**

27 146. On May 2, 2019, First Solar held its first quarter 2019 earnings call.
28 During this call Defendant Widmar represented that First Solar had achieved its Series 6
cost per watt target for the quarter, stating: “*[t]he progress we have made ramping our
factories has been a key contributor in enabling us to achieve our first quarter Series 6
cost-per-watt objective.*”

1 147. In addressing the output of the Series 6 modules, Defendant Widmar stated
2 that “[t]he average watt per module has increased slightly more than 1 bin or 6 watts.”

3 148. The statements set forth in ¶¶ 146-47 above were materially false and
4 misleading, omitted material facts, and lacked a reasonable basis when made.
5 Specifically, as set forth in Section IV.B above, at the time Defendant Widmar made
6 these statements, Defendants knowingly or recklessly misrepresented, concealed, and/or
7 failed to disclose that:

8 (i) There were known, widespread issues with Series 6, including (1) faulty
9 connections that caused electrical malfunctions and resulted in module
10 failures and even field fires (¶¶ 93-100); and (2) the Company was
11 incurring significant damage to the modules during shipping, with around
12 half of the modules arriving to certain project sites broken (¶¶ 107-08).

13 (ii) The Series 6 modules were failing to generate the target watts per module
14 and the output for the modules varied drastically between units. The lower-
15 than-expected output led to wattage shortfalls that forced the Company to
16 install additional modules at project sites to meet the contracted-for power
17 production, pay liquidated damages, or withhold shipment altogether
18 because the modules could not produce the necessary output (¶¶ 101-06).

19 (iii) The problems with the Series 6 negatively impacted both the cost per watt
20 and the watts per module for the Series 6 (¶¶ 93-108).

21 By electing to speak publicly about the Series 6, including the cost per watt and watts per
22 module figures, and thereby putting these subjects into play, Defendant Widmar had a
23 duty to fully, completely, and truthfully disclose all material facts regarding the Series 6’s
24 performance and output issues, which negatively impacted the Series 6’s cost per watt
25 and watt per module metrics, so as to not mislead investors. As a result of the foregoing
26 undisclosed material facts, Defendant Widmar’s public statements were materially false
27 and misleading at all relevant times.

28 **3. August 1, 2019 Earnings Call**

29 149. On August 1, 2019, First Solar held its second quarter 2019 earnings call.
30 During the call, Defendant Widmar discussed the cost per watt for the Series 6 modules
31 and represented that First Solar had “*met our first half commitment on the reduction,*”
32 noting that there was “*a pretty steep reduction from first quarter into the second*

1 *quarter.”* Importantly, Defendant Widmar represented that “*we have seen significant*
2 *operational improvements*” as “[t]he average watt per module has increased 3 watts.”

3 150. Defendant Widmar reiterated that the Company had achieved its Series 6
4 cost per watt target for the first half of the year, stating: “*The progress we have made*
5 *ramping our factories has been a key contributor, enabling the achievement of our*
6 *Series 6 cost per watt objectives for the first half of 2019.*”

7 151. The statements set forth in ¶¶ 149-50 above were materially false and
8 misleading, omitted material facts, and lacked a reasonable basis when made.
9 Specifically, as set forth in Section IV.B above, at the time Defendant Widmar made
10 these statements, Defendants knowingly or recklessly misrepresented, concealed, and/or
11 failed to disclose that:

- 12 (i) There were known, widespread issues with Series 6, including (1) faulty
13 connections that caused electrical malfunctions and resulted in module
14 failures and even field fires (¶¶ 93-100); and (2) the Company was
15 incurring significant damage to the modules during shipping, with around
16 half of the modules arriving to certain project sites broken (¶¶ 107-08).
- 17 (ii) The Series 6 modules were failing to generate the target watts per module
18 and the output for the modules varied drastically between units. The lower-
19 than-expected output led to wattage shortfalls that forced the Company to
20 install additional modules at project sites to meet the contracted-for power
21 production, pay liquidated damages, or withhold shipment altogether
22 because the modules could not produce the necessary output (¶¶ 101-06).
- 23 (iii) The problems with the Series 6 negatively impacted both the cost per watt
24 and the watts per module for the Series 6 (¶¶ 93-108).

25 By electing to speak publicly about the Series 6, including the cost per watt and watts per
26 module figures and the operational improvements for the module, and thereby putting
27 these subjects into play, Defendant Widmar had a duty to fully, completely, and truthfully
28 disclose all material facts regarding the Series 6’s performance and output issues, which
negatively impacted the Series 6’s cost per watt and watt per module metrics, so as to not
mislead investors. As a result of the foregoing undisclosed material facts, Defendant
Widmar’s public statements were materially false and misleading at all relevant times.

1 **4. October 24, 2019 Earnings Call**

2 152. On October 24, 2019, First Solar held its third quarter 2019 earnings call.
3 During the call, Defendant Widmar again made misleading assurances to investors
4 concerning the Company’s Series 6 cost per watt target, stating:

5 Relative to our expectations for Q3, we are pleased with the progress
6 made and are *slightly ahead of the road map laid out during the 2018*
7 *year-end earnings call* which took place in February.

8 153. Defendant Widmar also again touted First Solar’s “*significant operational*
9 *improvements*,” including the fact that, for the Series 6, “[*t]he average watt per module*
10 *has increased 4 watts.*”

11 154. In summarizing “the key messages from our call today,” Defendant Bradley
12 stated that “we continue to be pleased with the progress of our Series 6 platform,
13 *including the significant improvements across key manufacturing metrics and module*
14 *efficiency.*”

15 155. Responding to a question from an industry analyst from BofA Merrill
16 Lynch about “further cost reduction” for the Series 6 and the Company’s ability to meet
17 its cost per watt target, Defendant Widmar stated that while “*there are some*
18 *headwinds[,] . . . we’re very confident that we’ll meet the target that we set out for with*
19 *Series 6.*”

20 156. The statements set forth in ¶¶ 152-55 above were materially false and
21 misleading, omitted material facts, and lacked a reasonable basis when made.
22 Specifically, as set forth in Section IV.B above, at the time Defendants Widmar and
23 Bradley made these statements, Defendants knowingly or recklessly misrepresented,
24 concealed, and/or failed to disclose that:

- 25 (i) There were known, widespread issues with Series 6, including (1) faulty
26 connections that caused electrical malfunctions and resulted in module
27 failures and even field fires (¶¶ 93-100); and (2) the Company was
28 incurring significant damage to the modules during shipping, with around
 half of the modules arriving to certain project sites broken (¶¶ 107-08).

1 (ii) The Series 6 modules were failing to generate the target watts per module
2 and the output for the modules varied drastically between units. The lower-
3 than-expected output led to wattage shortfalls that forced the Company to
4 install additional modules at project sites to meet the contracted-for power
production, pay liquidated damages, or withhold shipment altogether
because the modules could not produce the necessary output (§§ 101-06).

5 (iii) The problems with the Series 6 negatively impacted both the cost per watt
6 and the watts per module for the Series 6 (§§ 93-108).

7 By electing to speak publicly about the Series 6, including the cost per watt and watts per
8 module figures, operational improvements, and “headwinds” impacting the module, and
9 thereby putting these subjects into play, Defendants had a duty to fully, completely, and
10 truthfully disclose all material facts regarding the Series 6’s performance and output
11 issues, which negatively impacted the Series 6’s cost per watt and watt per module
12 metrics, so as to not mislead investors. As a result of the foregoing undisclosed material
13 facts, Defendant Widmar’s and Defendant Bradley’s public statements were materially
14 false and misleading at all relevant times.

15 **B. Misrepresentations and Omissions Concerning Project Development**

16 **1. February 21, 2019 Earnings Call**

17 157. During First Solar’s 2018 fourth quarter and year-end earnings conference
18 call on February 21, 2019, Defendant Widmar touted the Company’s Systems pipeline,
19 stating that “*with the more than 300 megawatts of recent systems bookings, our*
20 *potential systems opportunities remain strong at 1.8-gigawatt DC*” and further
21 explaining that “[t]hese potential systems bookings are comprised of projects in the U.S.
22 *and over 300 megawatts in Japan.*”

23 158. Defendant Widmar then represented that First Solar “added EPC scope to
24 500 megawatts of previously booked module sales, which, *combined with our*
25 *development bookings, positions us to meet or exceed our targeted 1 gigawatt per year*
26 *of systems business.*”

1 159. Later during the call, Defendant Widmar responded to a question from an
2 Oppenheimer industry analyst regarding opportunities for the “systems business in the
3 U.S.,” stating:

4 [L]et me go to the systems question first. I think and particularly in the
5 U.S., there is a lot that’s in the market right now. As you can see, there’s
6 a lot of, I’ll call it, smaller developers and others that are trying to
7 actively market and to sell their development pipeline. Some with
8 contracted assets, some not. And I do think that some of that could be
9 related to the capacity of some of the smaller developers to make the
10 investments to capture the ITC safe harbor. We indicated in our last call,
11 *we’ll be investing somewhere, call it, \$300 million to \$400 million to*
12 *secure, call it, 5 gigawatts of opportunities between now and 2023.*
13 *That’s a big investment, and I think some of the smaller developers may*
14 *be constrained with making those investments.* And I think they
15 understand that if they don’t make those investments, they’ll be less
16 competitive as they’re competing for projects that have CODs that go
17 through the end of 2023. . . . [W]e’ve got a great development team, and
18 we’ve proven ourselves with our ability to make acquisitions and
19 integrate development assets and contract them and realize meaningful
20 value associated with that. So that’s a good opportunity for us.

21 160. The statements set forth in ¶¶ 157-59 above were materially false and
22 misleading, omitted material facts, and lacked a reasonable basis when made.
23 Specifically, as set forth in Section IV.C above, at the time Defendant Widmar made
24 these statements, Defendants knowingly or recklessly misrepresented, concealed, and/or
25 failed to disclose that:

- 26 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
27 183).
- 28 (ii) The Project Development business’s pipeline of new contracts had
dwindled significantly and the Company’s market share based on new
projects had declined drastically—dropping from approximately 14% in
2016, to approximately 4% in 2017, before sinking to just under 2% in
2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).
- (iii) Defendants had stopped bidding on Project Development projects and
responding to RFPs in 2019 with very little activity reflected in the Project
Development area of the Company’s PINS system beginning in 2019
(¶¶ 132-34).

1 (iv) Things had gotten so bad that Defendants had begun dismantling the
2 Project Development business and laying off personnel in this division in
the first half of 2019 (¶ 136).

3 (v) Defendants were internally discussing a potential sale of the Project
4 Development business by no later than early 2019 (¶¶ 135, 137).

5 By electing to speak publicly about the Project Development business and the pipeline
6 for the Systems Segment—and thereby putting these subjects into play—Defendants had
7 a duty to fully, completely, and truthfully disclose all material facts regarding the Project
8 Development business’s dwindling operations and First Solar’s decision to dismantle the
9 business and explore a potential sale, so as to not mislead investors. As a result of the
10 foregoing, undisclosed material facts, Defendant Widmar’s public statements were
11 materially false and misleading at all relevant times.

12 2. 2018 Form 10-K

13 161. In its 2018 Form 10-K, filed with the SEC on February 22, 2019 and signed
14 by Defendants Widmar and Bradley, First Solar emphasized the advantages of the
15 Company’s “[v]ertical [i]ntegration,” stating:

16 *We are vertically integrated across substantially the entire solar value*
17 *chain. Many of the efficiencies, cost reductions, and capabilities that*
18 *we deliver to our customers are not easily replicable for other industry*
19 *participants that are not vertically integrated in a similar manner.*
20 Accordingly, our operational model offers PV solar energy solutions that
21 benefit from our wide range of capabilities, including advanced PV solar
module manufacturing, project development, engineering and plant
optimization, grid integration and plant control systems, procurement and
construction services, and O&M services.

22 162. In the same filing, First Solar represented that its “*vertically-integrated*
23 *business model*” was one of its “*points of differentiation*” and also stated that: “*Our*
24 *vertically-integrated capabilities enable us to provide [PV solar energy] solutions,*
25 *accelerate the adoption of our technology, and successfully sell into key markets*
26 *around the world.*”

27 163. The statements set forth in ¶¶ 161-62 above were materially false and
28 misleading, omitted material facts, and lacked a reasonable basis when made.

1 Specifically, as set forth in Section IV.C above, at the time Defendants made these
2 statements, Defendants knowingly or recklessly misrepresented, concealed, and/or failed
3 to disclose that:

4 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
5 183).

6 (ii) The Project Development business's pipeline of new contracts had
7 dwindled significantly and the Company's market share based on new
8 projects had declined drastically—dropping from approximately 14% in
2016, to approximately 4% in 2017, before sinking to just under 2% in
2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).

9 (iii) Defendants had stopped bidding on Project Development projects and
10 responding to RFPs in 2019 with very little activity reflected in the Project
11 Development area of the Company's PINS system beginning in 2019
(¶¶ 132-34).

12 (iv) Things had gotten so bad that Defendants had begun dismantling the
13 Project Development business and laying off personnel in this division in
the first half of 2019 (¶ 136).

14 (v) Defendants were internally discussing a potential sale of the Project
15 Development business by no later than early 2019 (¶¶ 135, 137).

16 By electing to speak publicly about the Company's vertically integrated business
17 structure, which included the Project Development business as a primary component, and
18 the resulting efficiencies, cost reductions, and capabilities—and thereby putting these
19 subjects into play—Defendants had a duty to fully, completely, and truthfully disclose all
20 material facts regarding the Project Development business's dwindling operations and
21 First Solar's decision to dismantle the business and explore a potential sale, so as to not
22 mislead investors. As a result of the foregoing, undisclosed material facts, Defendants'
23 public statements were materially false and misleading at all relevant times.

24 3. April 3, 2019 Proxy Statement

25 164. In its Form DEF 14A, filed with the SEC on April 3, 2019, First Solar
26 represented that its “points of differentiation, which include . . . *our vertically-integrated*
27 *business model . . . provide the foundation for our leading industry position and enable*
28 *us to remain one of the preferred providers of PV solar energy solutions.*”

1 165. The statement set forth in ¶ 164 above were materially false and
2 misleading, omitted material facts, and lacked a reasonable basis when made.
3 Specifically, as set forth in Section IV.C above, at the time Defendants made this
4 statement, Defendants knowingly or recklessly misrepresented, concealed, and/or failed
5 to disclose that:

6 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
7 183).

8 (ii) The Project Development business's pipeline of new contracts had
9 dwindled significantly and the Company's market share based on new
10 projects had declined drastically—dropping from approximately 14% in
2016, to approximately 4% in 2017, before sinking to just under 2% in
2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).

11 (iii) Defendants had stopped bidding on Project Development projects and
12 responding to RFPs in 2019 with very little activity reflected in the Project
13 Development area of the Company's PINS system beginning in 2019
(¶¶ 132-34).

14 (iv) Things had gotten so bad that Defendants had begun dismantling the
15 Project Development business and laying off personnel in this division in
the first half of 2019 (¶ 136).

16 (v) Defendants were internally discussing a potential sale of the Project
17 Development business by no later than early 2019 (¶¶ 135, 137).

18 By electing to speak publicly about the Company's vertically integrated business
19 structure, which included the Project Development business as a primary component—
20 and thereby putting this subject into play—Defendants had a duty to fully, completely,
21 and truthfully disclose all material facts regarding the Project Development business's
22 dwindling operations and First Solar's decision to dismantle the business and explore a
23 potential sale, so as to not mislead investors. As a result of the foregoing, undisclosed
24 material facts, Defendants' public statements were materially false and misleading at all
25 relevant times.

26 **4. May 2, 2019 Earnings Call**

27 166. During First Solar's first quarter 2019 earnings call on May 2, 2019,
28 Defendant Widmar reported with respect to the Company's Systems pipeline that First

1 Solar’s “*mid- to late-stage pipeline includes approximately 900 megawatts of systems*
2 *opportunities across the U.S. and Japan.*”

3 167. The statement set forth in ¶ 166 above was materially false and misleading,
4 omitted material facts, and lacked a reasonable basis when made. Specifically, as set
5 forth in Section IV.C above, at the time Defendant Widmar made this statement,
6 Defendants knowingly or recklessly misrepresented, concealed, and/or failed to disclose
7 that:

8 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
9 183).

10 (ii) The Project Development business’s pipeline of new contracts had
11 dwindled significantly and the Company’s market share based on new
12 projects had declined drastically—dropping from approximately 14% in
13 2016, to approximately 4% in 2017, before sinking to just under 2% in
14 2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).

15 (iii) Defendants had stopped bidding on Project Development projects and
16 responding to RFPs in 2019 with very little activity reflected in the Project
17 Development area of the Company’s PINS system beginning in 2019
18 (¶¶ 132-34).

19 (iv) Things had gotten so bad that Defendants had begun dismantling the
20 Project Development business and laying off personnel in this division in
21 the first half of 2019 (¶ 136).

22 (v) Defendants were internally discussing a potential sale of the Project
23 Development business by no later than early 2019 (¶¶ 135, 137).

24 By electing to speak publicly about the pipeline for the Systems Segment—and thereby
25 putting this subject into play—Defendant Widmar had a duty to fully, completely, and
26 truthfully disclose all material facts regarding the Project Development business’s
27 dwindling operations and First Solar’s decision to dismantle the business and explore a
28 potential sale, so as to not mislead investors. As a result of the foregoing, undisclosed
material facts, Defendant Widmar’s public statement was materially false and misleading
at all relevant times.

5. August 1, 2019 Earnings Call

168. During First Solar’s second quarter 2019 earnings call on August 1, 2019, Defendant Widmar highlighted the “*significant increase in systems opportunities*,” and represented that First Solar’s “*mid- to late-stage pipeline include[d] 1.9 gigawatts of systems opportunities across U.S. and Japan*.”

169. The statements set forth in ¶ 168 above were materially false and misleading, omitted material facts, and lacked a reasonable basis when made. Specifically, as set forth in Section IV.C above, at the time Defendant Widmar made these statements, Defendants knowingly or recklessly misrepresented, concealed, and/or failed to disclose that:

- (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128, 183).
- (ii) The Project Development business’s pipeline of new contracts had dwindled significantly and the Company’s market share based on new projects had declined drastically—dropping from approximately 14% in 2016, to approximately 4% in 2017, before sinking to just under 2% in 2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).
- (iii) Defendants had stopped bidding on Project Development projects and responding to RFPs in 2019 with very little activity reflected in the Project Development area of the Company’s PINS system beginning in 2019 (¶¶ 132-34).
- (iv) Things had gotten so bad that Defendants had begun dismantling the Project Development business and laying off personnel in this division in the first half of 2019 (¶ 136).
- (v) Defendants were internally discussing a potential sale of the Project Development business by no later than early 2019 (¶¶ 135, 137).

By electing to speak publicly about the opportunities and pipeline for the Systems Segment—and thereby putting these subjects into play—Defendant Widmar had a duty to fully, completely, and truthfully disclose all material facts regarding the Project Development business’s dwindling operations and First Solar’s decision to dismantle the business and explore a potential sale, so as to not mislead investors. As a result of the

1 foregoing, undisclosed material facts, Defendant Widmar’s public statements were
2 materially false and misleading at all relevant times.

3 **6. September 19, 2019 Press Release**

4 170. On September 19, 2019, First Solar issued a press release announcing that it
5 would be transitioning to leveraging third-party EPC services. In discussing the decision
6 to outsource the EPC business, Defendant Widmar reassured investors that the move
7 would not impact the Project Development business, stating: “We expect that this shift
8 will allow us to concentrate on our core business of scaling, developing, and selling our
9 world-class module technology *while executing on our project development pipeline*
10 *with the same level of service that our customers have come to expect.*”

11 171. The statement set forth in ¶ 170 above was materially false and misleading,
12 omitted material facts, and lacked a reasonable basis when made. Specifically, as set
13 forth in Section IV.C above, at the time Defendant Widmar made this statement,
14 Defendants knowingly or recklessly misrepresented, concealed, and/or failed to disclose
15 that:

- 16 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
17 183).
- 18 (ii) The Project Development business’s pipeline of new contracts had
19 dwindled significantly and the Company’s market share based on new
20 projects had declined drastically—dropping from approximately 14% in
21 2016, to approximately 4% in 2017, before sinking to just under 2% in
22 2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).
- 23 (iii) Defendants had stopped bidding on Project Development projects and
24 responding to RFPs in 2019 with very little activity reflected in the Project
25 Development area of the Company’s PINS system beginning in 2019
26 (¶¶ 132-34).
- 27 (iv) Things had gotten so bad that Defendants had begun dismantling the
28 Project Development business and laying off personnel in this division in
the first half of 2019 (¶ 136).
- (v) Defendants were internally discussing a potential sale of the Project
Development business by no later than early 2019 (¶¶ 135, 137).

1 By electing to speak publicly about the pipeline for the Project Development business—
2 and thereby putting this subject into play—Defendant Widmar had a duty to fully,
3 completely, and truthfully disclose all material facts regarding the Project Development
4 business’s dwindling operations and First Solar’s decision to dismantle the business and
5 explore a potential sale, so as to not mislead investors. As a result of the foregoing,
6 undisclosed material facts, Defendant Widmar’s public statement was materially false
7 and misleading at all relevant times.

8 **7. October 23, 2019 Press Release**

9 172. In an October 23, 2019 press release announcing that D.E. Shaw had
10 acquired two First Solar projects, Defendant Antoun stated that D.E. Shaw’s “acquisition
11 of our projects *validates the robustness of First Solar’s approach to project*
12 *development.*”

13 173. The statement set forth in ¶ 172 above was materially false and misleading,
14 omitted material facts, and lacked a reasonable basis when made. Specifically, as set
15 forth in Section IV.C above, at the time Defendant Antoun made this statement,
16 Defendants knowingly or recklessly misrepresented, concealed, and/or failed to disclose
17 that:

- 18 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
19 183).
- 20 (ii) The Project Development business’s pipeline of new contracts had
21 dwindled significantly and the Company’s market share based on new
22 projects had declined drastically—dropping from approximately 14% in
23 2016, to approximately 4% in 2017, before sinking to just under 2% in
24 2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).
- 25 (iii) Defendants had stopped bidding on Project Development projects and
26 responding to RFPs in 2019 with very little activity reflected in the Project
27 Development area of the Company’s PINS system beginning in 2019
28 (¶¶ 132-34).
- (iv) Things had gotten so bad that Defendants had begun dismantling the
Project Development business and laying off personnel in this division in
the first half of 2019 (¶ 136).

1 (v) Defendants were internally discussing a potential sale of the Project
2 Development business by no later than early 2019 (¶¶ 135, 137).

3 By electing to speak publicly about First Solar’s approach to project development—and
4 thereby putting this subject into play—Defendant Antoun had a duty to fully, completely,
5 and truthfully disclose all material facts regarding the Project Development business’s
6 dwindling operations and First Solar’s decision to dismantle the business and explore a
7 potential sale, so as to not mislead investors. As a result of the foregoing, undisclosed
8 material facts, Defendant Antoun’s public statement was materially false and misleading
9 at all relevant times.

10 8. October 24, 2019 Earnings Call

11 174. During First Solar’s third quarter 2019 earnings call on October 24, 2019,
12 Defendant Widmar stated with respect to the Company’s Systems pipeline:

13 *In terms of segment mix, our mid- to late-stage pipeline includes*
14 *approximately 2 gigawatts of systems opportunities across the United*
15 *States and Japan Our energy systems business continues to*
16 *perform strongly with an additional 1 gigawatt contracted since our*
17 *previous earnings call. This brings new bookings in 2019 to 2.6*
gigawatts and our total energy services portfolio under – of assets under
contract to nearly 14 gigawatt[] levels.

18 175. Defendant Widmar also addressed the Company’s recently announced shift
19 to an outsourcing model for EPC during this earnings call, stating:

20 [O]ur competitive financial position enables First Solar to continuously
21 evaluate the cost structure, competitiveness and risk-adjusted returns of
22 each of our product offerings, including the module, development and
O&M businesses.

23

24 Since announcing the launch of Series 6, we have contracted over 15
25 gigawatts and have created a position of strength with a multiyear
26 pipeline. However, we cannot be complacent; rather, *now is the time to*
27 *challenge ourself[ves] to secure the right long-term sustainable cost*
structure for our module manufacturing, development and O&M
28 *businesses in order to best position each for success over the next*
decade.

1 176. Later during the call, Defendant Bradley echoed Defendant Widmar's
2 statements:

3 [A]s Mark mentioned in his prepared remarks as well, we're also doing a
4 deep dive into the cost structure across the entire business. And so we've
5 made the decision around transitioning our EPC approach to third parties.
6 And as part of that we're looking at any isolated costs that remain in the
7 development business as well as looking at all the business units,
8 including the module *to make sure we're cost competitive across every
9 business unit.*

10 177. The statements set forth in ¶¶ 174-76 above were materially false and
11 misleading, omitted material facts, and lacked a reasonable basis when made.
12 Specifically, as set forth in Section IV.C above, at the time Defendants Widmar and
13 Bradley made these statements, Defendants knowingly or recklessly misrepresented,
14 concealed, and/or failed to disclose that:

- 15 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
16 183).
- 17 (ii) The Project Development business's pipeline of new contracts had
18 dwindled significantly and the Company's market share based on new
19 projects had declined drastically—dropping from approximately 14% in
20 2016, to approximately 4% in 2017, before sinking to just under 2% in
21 2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).
- 22 (iii) Defendants had stopped bidding on Project Development projects and
23 responding to RFPs in 2019 with very little activity reflected in the Project
24 Development area of the Company's PINS system beginning in 2019
25 (¶¶ 132-34).
- 26 (iv) Things had gotten so bad that Defendants had begun dismantling the
27 Project Development business and laying off personnel in this division in
28 the first half of 2019 (¶ 136).
- (v) Defendants were internally discussing a potential sale of the Project
Development business by no later than early 2019 (¶¶ 135, 137).

By electing to speak publicly about the pipeline for the Systems Segment, the success of
the Project Development business over the next decade, and the competitiveness of the
division—and thereby putting these subjects into play—Defendants had a duty to fully,
completely, and truthfully disclose all material facts regarding the Project Development

1 business's dwindling operations and First Solar's decision to dismantle the business and
2 explore a potential sale, so as to not mislead investors. As a result of the foregoing,
3 undisclosed material facts, Defendants' public statements were materially false and
4 misleading at all relevant times.

5 9. December 17, 2019 Press Release

6 178. In a December 17, 2019 press release announcing the acquisition of three
7 First Solar projects, Defendant Antoun stated:

8 We've proven, once again, that investors are focused on the winning
9 formula: responsible development, attractive project economics, and long-
10 term Power Purchase Agreements, underpinned by high-performance PV
11 modules and a partner that stands behind its commitments. We thank
12 EDP Renewables and ConnectGen for their trust and for recognizing *the
robustness of First Solar's approach to project development in the
United States.*

13 179. The statement set forth in ¶ 178 above was materially false and misleading,
14 omitted material facts, and lacked a reasonable basis when made. Specifically, as set
15 forth in Section IV.C above, at the time Defendant Antoun made this statement,
16 Defendants knowingly or recklessly misrepresented, concealed, and/or failed to disclose
17 that:

- 18 (i) The Systems Segment had lost at least 80% of its market share (¶¶ 128,
19 183).
- 20 (ii) The Project Development business's pipeline of new contracts had
21 dwindled significantly and the Company's market share based on new
22 projects had declined drastically—dropping from approximately 14% in
23 2016, to approximately 4% in 2017, before sinking to just under 2% in
24 2018, and then approximately 1% in 2019 (¶¶ 129, 184-85).
- 25 (iii) Defendants had stopped bidding on Project Development projects and
26 responding to RFPs in 2019 with very little activity reflected in the Project
27 Development area of the Company's PINS system beginning in 2019
28 (¶¶ 132-34).
- (iv) Things had gotten so bad that Defendants had begun dismantling the
Project Development business and laying off personnel in this division in
the first half of 2019 (¶ 136).

1 (v) Defendants were internally discussing a potential sale of the Project
2 Development business by no later than early 2019 (¶¶ 135, 137).

3 By electing to speak publicly about First Solar’s approach to project development—and
4 thereby putting this subject into play—Defendant Antoun had a duty to fully, completely,
5 and truthfully disclose all material facts regarding the Project Development business’s
6 dwindling operations and First Solar’s decision to dismantle the business and explore a
7 potential sale, so as to not mislead investors. As a result of the foregoing, undisclosed
8 material facts, Defendant Antoun’s public statement was materially false and misleading
9 at all relevant times.

10 **VI. THE RELEVANT TRUTH EMERGES: ALLEGATIONS OF LOSS**
11 **CAUSATION**

12 180. Defendants’ material misstatements and omissions complained of herein
13 artificially inflated and/or maintained the artificial inflation in the market price of First
14 Solar’s publicly traded common stock. The artificial inflation in First Solar’s stock price
15 was removed when the facts and risks misstated, omitted, and/or concealed by
16 Defendants were revealed to the market. Such corrective information was disseminated
17 to investors through public disclosures on January 15, 2020 and February 20, 2020. Each
18 of these disclosures partially revealed relevant facts regarding the false and misleading
19 nature of Defendants’ material misstatements and omissions. Each disclosure, more
20 particularly described below, removed artificial inflation in the price of First Solar’s
21 publicly traded stock, causing economic injury to Lead Plaintiffs and other members of
22 the Class.

23 **A. January 15, 2020 Barclays Report**

24 181. On January 15, 2020, Barclays downgraded First Solar, citing concerns
25 with the Company’s Systems business, noting: “It looks to us like FSLR’s Systems
26 business is in trouble.” Echoing Defendants’ Class Period statements regarding the
27 importance of this division to the Company’s business model, Barclays stated, “[a]s
28 *we’ve have stressed since our initiation (1/7/19)*, FSLR’s value proposition is premised

1 on a robust balance sheet (\$1.5+ bn net cash), and through-cycle support from project
2 development.” Barclays further emphasized the importance of the Systems business,
3 which included the Project Development segment, stating: “This is where most of the
4 multi-year gross profit emanates, irrespective of manufacturing’s booms and (and mostly)
5 busts.” As the cause for its concerns about the Systems business, Barclays cited the
6 significant decline in First Solar’s Systems market share, noting that “First Solar ha[d]
7 seemingly been, in large part, priced-out of the U.S. downstream solar market.”

8 182. Barclays uncovered the truth about the diminishing market share
9 commanded by First Solar’s Systems Segment only through an in-depth review of a
10 Bloomberg database and corroborating data points from First Solar’s own SEC filings.
11 Specifically, Barclays’ analysts “combed through and corrected the [Bloomberg New
12 Energy Finance] database to account for company acquisitions, multiple company
13 names” and “corroborated [First Solar’s] data points” from its Forms 10-Q and 10-K
14 filings. Barclays then isolated non-operational projects to represent the current
15 development pipeline.

16 183. Through this detailed analysis, Barclays analysts were able to determine
17 that while First Solar’s Systems Segment had once captured “20% of the market—
18 defined as a fully integrated development and project sale role or sometimes just as EPC
19 provider (we est. ~1/4th of the time) . . . ***now they reflect just 4% of the development***
20 ***pipeline.***”

21 184. Specifically analyzing the Company’s Project Development pipeline,
22 Barclays discovered that for 2018, First Solar’s pipeline projects represented just .6 GW
23 of the 32.0 GW in total U.S. projects, and for 2019, the number was even smaller, at just
24 .4 GW of the 32.5 GW in total U.S. projects. Barclays reported that it “could only find
25 two projects” which “represent[ed] just 1% of the . . . projects announced in the U.S. in
26 2019.” Thus, as Barclays observed with respect to “new project developments that
27 started in 2019,” the numbers were “especially low for First Solar.” Barclays explained
28 that even if “some new [2019] developments are missing . . . the data would tell the same

1 story: First Solar is coasting on its old pipeline (which includes many old development
2 assets).”

3 185. Indeed, according to Barclays’ analysis, the steep decline in First Solar’s
4 market share for Project Development began as early as 2017, with the Company’s
5 market share of new U.S. development projects decreasing markedly from approximately
6 14% in 2016, to approximately 4% in 2017, before sinking to just under 2% in 2018, and
7 then approximately 1% in 2019. Barclays concluded that the cause for the Company’s
8 drastic decline in market share was that “First Solar has simply been unable to compete
9 on cost.”

10 186. Barclays also confirmed that First Solar’s market share loss was not known
11 to investors, stating that the dwindling market share is “unobservable in 10Q/Ks.” As
12 Barclays explained, “[t]he lag caused from development timelines and the ensuing timing
13 of projects reaching COD has obfuscated FSLR’s go-forward share loss,” and further
14 stated: “Given projects are still being brought online related to past developments, this
15 has obfuscated the underlying trend of First Solar losing most of its market share going
16 forward.”

17 187. This news caused the Company’s stock to decline \$4.03 per share, or nearly
18 7%, from a close of \$58.78 on January 14, 2020, to close at \$54.75 per share on
19 January 15, 2020.

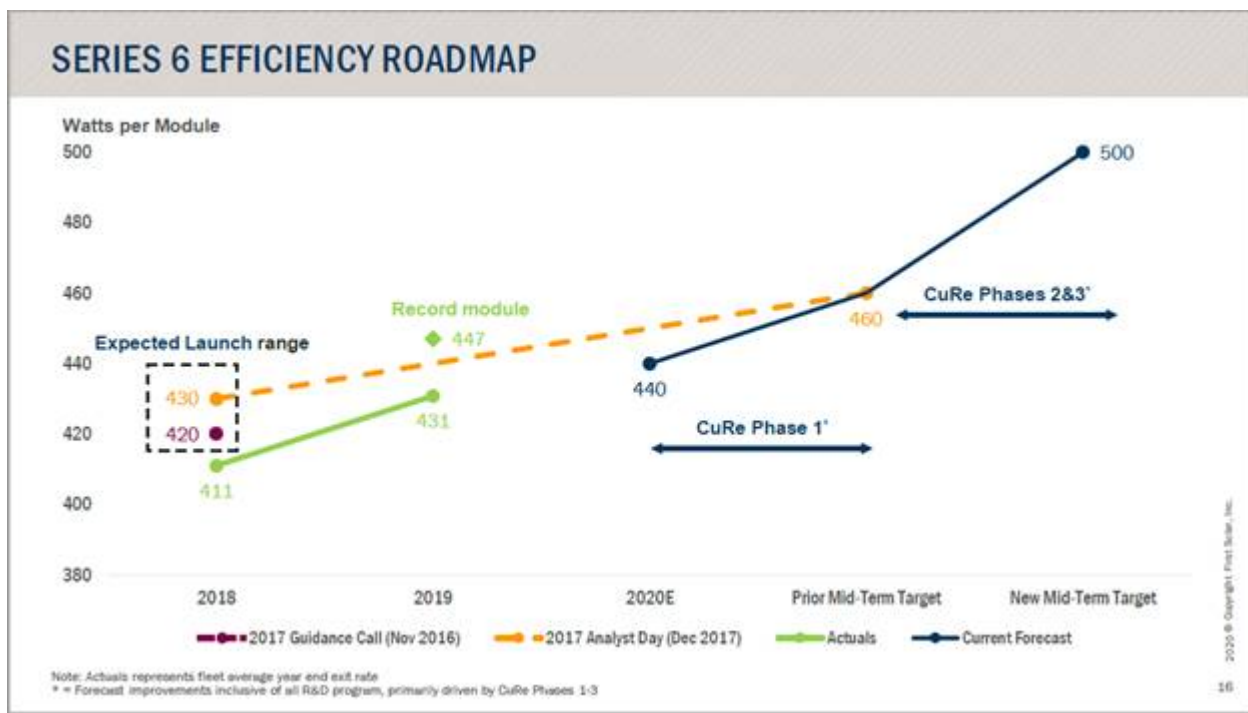
20 **B. February 20, 2020 Earnings Call**

21 188. On February 20, 2020, First Solar held its fourth quarter 2019 earnings
22 conference call. During this call, First Solar disclosed that its failure to achieve the 2019
23 cost per watt target was due to “challenges with regard to certain aspects of the overall
24 cost per watt” and announced that the Company would not realize its fleet-wide cost per
25 watt goal in 2020, noting that the Company did “not anticipate to fully overcome the cost
26 challenges experienced in 2019.”

27 189. In addition, Defendant Widmar stated that the Company would not disclose
28 a discrete cost per watt for its Series 6 units going forward. When asked by an industry

1 analyst from Credit Suisse to explain this decision, Defendant Widmar claimed that
 2 customers had “start[ed] to hold [the Company] accountable to a cost-plus model . . . and
 3 so we have purposely moved away from giving a discrete cost per watt.”

4 190. Finally, Defendants also disclosed that First Solar was still well short of its
 5 460 watt per module midterm target for the Series 6 and would not hit this target for at
 6 least another year. Specifically, as demonstrated by the below slide, First Solar had
 7 barely surpassed the “Expected Launch” range of 430 watts per module, achieving an
 8 actual output of only 431 watts per module by the end of 2019. According to this slide,
 9 the Series 6 was not forecasted to achieve the touted 460 watt per module benchmark
 10 until sometime after 2020.



23 191. On this call, Defendant Widmar also revealed that the Company was
 24 exploring a sale of its Project Development business. Specifically, Widmar stated:

25 [W]e are working with an adviser to evaluate strategic options to best
 26 position our U.S. development business with a mandate to position the
 27 business to succeed in the continuing evolving market for solar generation
 28 assets, while maximizing value for First Solar shareholders.

While we are open to partnering with a third-party who possesses
 complementary competencies and capital to further scale the business, the

1 pursuit of a partnership could potentially result in a complete sale of the
2 U.S. development business.

3 192. In explaining this decision, Defendant Widmar admitted that the Project
4 Development business had been negatively impacted by competition, stating,
5 “[c]ompetition within the development market has increased.”

6 193. These disclosures caused First Solar’s stock price to decline \$8.73 per
7 share, or nearly 15%, from a close of \$59.32 per share on February 20, 2020, to close at
8 \$50.59 per share on February 21, 2020.

9 194. Analyst reports issued in the wake of First Solar’s February 20, 2020
10 earnings call confirm that investors were surprised by the Company’s abrupt disclosure
11 that it was considering a sale of its Project Development business and concerned about
12 the Company’s disappointing cost per watt numbers. For example, in a February 21,
13 2020 analyst report, Barclays reported that “[a]s part of 2020 guidance, FSLR disclosed
14 that it’s potentially selling the [Systems] business altogether,” which Barclays noted was
15 “ahead of our expectations,” explaining that “[w]e had credited an ability to bring . . .
16 1-2 more years of 1 GWac p.a.” Based on the Company’s disclosures about its cost per
17 watt, Barclays estimated “an implied Series 6 underlying cost of around \$0.25-\$0.27 per
18 watt in 4Q19,” explaining that “[t]his demonstrates the challenges ahead at first reaching
19 the ~\$0.22/W initial target, let alone the new roadmap of incremental cost reductions.”

20 195. As a result of Defendants’ misstatements and omissions, which were
21 corrected by the disclosures discussed above, the price of First Solar common stock
22 ended the Class Period at \$50.59, nearly 25% below its Class Period high of \$67.31 on
23 September 23, 2019.

24 **VII. ADDITIONAL ALLEGATIONS OF SCIENTER**

25 196. As detailed above, the Individual Defendants were directly involved in and
26 participated in both the management and day-to-day operations of the Company at its
27 highest levels. Each had, at all relevant times, unfettered access to detailed information
28 concerning the issues with the Series 6 modules, as well as the Project Development

1 business's dwindling market share and the Company's decision to dismantle the business
2 and explore a potential sale. This information was transmitted and learned through
3 meetings, reports, and other regular communications, as reported by multiple FEs. And,
4 as detailed in Section V above, Defendants' knowledge of the undisclosed performance
5 defects and wattage issues with the Series 6 and the faltering Project Development
6 business is apparent from Defendants' repeated and specific public statements made
7 throughout the Class Period regarding the Series 6 module and the Project Development
8 division.

9 197. In addition to the facts alleged in Sections IV.B.3 and IV.C.2 above,
10 regarding First Solar's and the Individual Defendants' personal knowledge and/or
11 reckless disregard of the materially false misrepresentations and omissions, First Solar's
12 and the Individual Defendants' scienter is evidenced by the specific facts discussed
13 below.

14 **A. Defendants' Knowledge and Reckless Disregard of Misstatements**
15 **Regarding the "Series 6" Solar Module**

16 198. Defendants' knowledge of or reckless disregard for the undisclosed Series 6
17 issues is further evidenced by the reports of FEs. As set forth in Section IV.B.3, FEs
18 reported that, among other things, Defendants (i) directly presented on the Series 6 during
19 the Company's Town Hall meetings, including presenting information regarding its watts
20 per module, or otherwise attended the Town Hall meetings where these issues were
21 discussed (¶¶ 110-12); (ii) reviewed documents concerning trainings and related matters
22 required to address functional and performance issues with the Series 6 before those
23 documents were disseminated to employees elsewhere in the Company (¶ 114); and
24 (iii) would have been involved in, or at least known about, decisions to withhold
25 shipments of Series 6 modules due to the modules falling short of wattage output targets
26 (¶ 116).

1 **B. Defendants’ Knowledge and Reckless Disregard of Misstatements**
2 **Regarding Project Development**

3 199. Defendants’ knowledge of the issues facing the Project Development
4 business is also supported by the reports of FEs. As set forth in Section IV.C.2, FEs
5 reported that, among other things, Defendants (i) stopped responding to RFPs and
6 bidding on projects during 2019 (¶¶ 132-34); (ii) frequently, during Town Halls before
7 2019, presented on the Project Development business’s pipeline but stopped presenting
8 such information in 2019 (¶ 133); (iii) began laying off Project Development personnel in
9 the first half of 2019 (¶ 136); and (iv) internally began to discuss the possibility of
10 dismantling the Project Development business in late 2018 or early 2019 (¶¶ 135, 137).

11 200. Defendants’ knowledge of the issues facing the Project Development
12 business is also supported by the January 15, 2020 Barclays report, which underlined the
13 severity of the market loss for the Systems Segment, confirming that the business had
14 (i) “lost 80%+ of its U.S. market share”; (ii) a dwindling pipeline that only represented
15 4% market share, down from previous market share figures of 20%; and (iii) “been, in
16 large part, priced-out of the U.S. downstream solar market.” The Barclays report further
17 confirmed that the Company’s share of new U.S. development projects decreased
18 significantly between 2016 and 2019, declining from approximately 14% in 2016, to
19 approximately 4% in 2017, before sinking to just under 2% in 2018, and then
20 approximately 1% in 2019.

21 **C. The Series 6 Solar Module and the Project Development Business Were**
22 **First Solar’s Core Operations**

23 201. The Modules Segment and Project Development business were among First
24 Solar’s chief revenue generators during the Class Period. Of First Solar’s \$3.063 billion
25 in total net sales in 2019, solar modules accounted for \$1.460 billion (or approximately
26 47% of net sales) and solar power systems, which included the Project Development
27 business, accounted for \$1.149 billion (or more than 37% of net sales). The Modules
28 Segment was the Company’s primary source of sales growth in 2019 and recorded a year-

1 over-year net sales increase of 191%. Indeed, the Company stated that increased module
2 production in 2019 was “primarily driven by the incremental Series 6 production
3 capacity” and that the Series 6 accounted for approximately 65% of all gigawatts the
4 Company produced in 2019. The importance of the Modules Segment, specifically the
5 Series 6 module, and the Project Development business to First Solar’s business raises a
6 strong inference that Defendants knew, or were deliberately reckless in not knowing or
7 disregarding, that their statements about the Series 6 modules and the Company’s Project
8 Development business were false or misleading and/or omitted material facts.

9 **D. Defendants Were Financially Motivated to Conceal Material**
10 **Information from Investors**

11 202. The Individual Defendants had a strong motive to conceal the issues with
12 the Series 6. During the Class Period, First Solar’s executive officers participated in an
13 “Executive Performance Equity Plan” (“EPEP”), which the Company’s Schedule 14A
14 proxy statement, filed with the SEC on April 1, 2020, described as “a long-term incentive
15 program for key executive officers and associates . . . intended to reward the achievement
16 of performance objectives that align with our long-term strategic plans, including the
17 continued execution of our Series 6 module technology.” As the Company further
18 explained with respect to the EPEP for 2019: “These grants of PSUs, which are intended
19 to represent the largest component of our executives’ potential compensation, are based
20 on four performance metrics, including our Series 6 cost per watt produced, Series 6
21 watts per module”

22 203. In addition, Defendants Widmar, Antoun, and Bradley realized substantial
23 benefits from their personal sales of First Solar stock. As a corporate insider in
24 possession of material, adverse, nonpublic information, each was required to either
25 disclose that information or abstain from trading—they did neither.

26 204. Defendant Widmar made the following sales of First Solar stock during the
27 Class Period:
28

Date of Sale	Shares	Proceeds
2/25/2019	51,473	\$2,765,644.29
3/5/2019	1,542	\$80,476.98
3/6/2019	3,875	\$199,058.75
3/7/2019	9,033	\$454,901.88
3/8/2019	1,997	\$102,166.52
4/10/2019	33,371	\$2,002,260.00
7/1/2019	2,722	\$180,005.86
8/5/2019	34,964	\$2,147,737.08
Total	138,977	\$7,932,251.36

205. Defendant Widmar’s sales of First Solar stock were suspiciously timed to take advantage of the price of First Solar’s stock, before the truth about the Series 6 and the Project Development division was revealed. For example, his February 25, 2019 sale of 51,473 shares—nearly 24% of his holdings—for gross proceeds of \$2,765,644 was made just days after the Company’s February 21, 2019 earnings call, where Defendants made material misrepresentations to investors regarding the improvement in the Series 6 module wattage, the Company’s ability to meet its contractual wattage obligations, and the Company’s intention to make a significant investment in the Project Development business.

206. Similarly, Defendant Widmar’s August 5, 2019 sale of 34,964 shares—more than 24% of his holdings—for gross proceeds of \$2,147,737 closely followed the Company’s August 1, 2019 earnings call, where Defendants assured investors that the Series 6 had hit the milestones necessary to meet the cost per watt objectives and had seen “significant operational improvements,” and that the Company had a “significant increase in systems opportunities.” Notably, in total, Defendant Widmar sold more than three times the number of First Solar shares in 2019 compared to 2018.

207. During the Class Period, Defendant Antoun made the following sales of First Solar stock:

Date of Sale	Shares	Proceeds
2/25/2019	18,590	\$998,840.70
3/5/2019	1,472	\$76,823.68
3/6/2019	1,169	\$60,051.53
3/7/2019	3,222	\$162,259.92
3/8/2019	1,749	\$89,478.84
5/6/2019	8,481	\$509,192.64
5/31/2019	8,476	\$490,365.12
6/28/2019	8,476	\$555,225.00
7/29/2019	8,476	\$557,159.20
8/30/2019	8,476	\$524,091.34
9/27/2019	8,476	\$500,830.72
10/28/2019	8,476	\$456,463.95
11/29/2019	8,476	\$468,129.48
12/27/2019	8,476	\$482,973.16
1/31/2020	8,476	\$420,853.88
Total	110,967	\$6,352,739.16

208. Like Defendant Widmar, Defendant Antoun's sales of First Solar stock were suspiciously timed to take advantage of the price of First Solar's stock, before the truth about the Series 6 and Project Development was revealed. His February 25, 2019 sale of 18,590 shares—more than 15% of his holdings—for gross proceeds of \$998,840 was made just days after the Company's February 21, 2019 earnings call, where Defendants made material misrepresentations to investors regarding the improvement in the Series 6 module wattage, the Company's ability to meet its contractual wattage obligations, and the Company's intention to make a significant investment in the Project Development business. Notably, in total, Defendant Antoun sold more than three times the number of shares of First Solar stock in 2019 compared to 2018.

209. During the Class Period, Defendant Bradley made the following sales of First Solar stock:

Date of Sale	Shares	Proceeds
2/25/2019	14,727	\$791,281.71
3/1/2019	6,427	\$344,808.55
3/5/2019	432	\$22,546.08
3/6/2019	1,283	\$65,907.71
3/7/2019	2,855	\$143,777.80
3/8/2019	1,272	\$63,952.06
3/11/2019	1,254	\$64,330.20
3/13/2019	227	\$12,271.62
8/5/2019	429	\$26,602.29
8/6/2019	267	\$16,735.56
Total	29,173	\$1,552,213.58

210. Defendant Bradley's sales of First Solar stock were also suspiciously timed to take advantage of the price of First Solar's stock, before the truth about the Series 6 and Project Development was revealed. On February 25, 2019, Bradley sold 14,727 shares for proceeds of \$791,281. On March 1, 2019, Bradley sold another 6,427 shares for proceeds of \$344,808. Together these sales represented more than 75% of Bradley's total holdings and closely followed the Company's February 21, 2019 earnings call, where Defendants made material misrepresentations to investors regarding the improvement in the Series 6 module wattage, the Company's ability to meet its contractual wattage obligations, and the Company's intention to make a significant investment in the Project Development business. Notably, in total, Defendant Bradley sold more than three times the number of shares of First Solar stock in 2019 compared to 2018.

E. The Scienter of the Individual Defendants Is Imputed to First Solar

211. The scienter of Defendants Widmar, Bradley and Antoun is imputed to First Solar given that they were high managerial agents of First Solar who reviewed, prepared, approved, furnished information for, ratified, and/or tolerated the misrepresentations and omissions.

1 **VIII. CLASS ACTION ALLEGATIONS**

2 212. Lead Plaintiffs bring this action on their own behalf and as a class action
3 pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of a
4 class consisting of all persons and entities who purchased the common stock of First
5 Solar from February 22, 2019 through and including February 20, 2020, and were
6 damaged thereby. Excluded from the Class are: (i) Defendants; (ii) members of the
7 immediate families of the Individual Defendants; (iii) the Company's subsidiaries and
8 affiliates; (iv) any person who is or was an officer or director of the Company or any of
9 the Company's subsidiaries or affiliates during the Class Period; (v) any entity in which
10 any Defendant has a controlling interest; and (vi) the legal representatives, heirs,
11 successors, and assigns of any such excluded person or entity.

12 213. The members of the Class are so numerous that joinder of all members is
13 impracticable. During the Class Period, First Solar had more than 104 million shares of
14 common stock outstanding and actively trading on the Nasdaq. While the exact number
15 of Class members is unknown to Lead Plaintiffs at this time and can only be ascertained
16 through appropriate discovery, Lead Plaintiffs believe that the proposed Class members
17 number in the thousands and are geographically widely dispersed. Record owners and
18 other members of the Class may be identified from records maintained by the Company
19 or its transfer agent and may be notified of the pendency of this action by mail, using a
20 form of notice similar to that customarily used in securities class actions.

21 214. Lead Plaintiffs' claims are typical of the claims of the other members of the
22 Class. All members of the Class were similarly affected by Defendants' alleged conduct
23 in violation of the Exchange Act as complained of herein.

24 215. Lead Plaintiffs will fairly and adequately protect the interests of the
25 members of the Class. Lead Plaintiffs have retained counsel competent and experienced
26 in class and securities litigation.

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1 216. Common questions of law and fact exist as to all members of the Class and
2 predominate over any questions solely affecting individual members of the Class. The
3 questions of law and fact common to the Class include:

- 4 • whether Defendants violated the federal securities laws by their acts and
5 omissions as alleged herein;
- 6 • whether Defendants made statements to the investing public during the Class
7 Period that contained material misrepresentations or omitted material facts;
- 8 • whether First Solar and the Individual Defendants acted with the requisite level
9 of scienter;
- 10 • whether and to what extent the market price of First Solar's common stock was
11 artificially inflated during the Class Period because of the material
12 misstatements and omissions alleged herein;
- 13 • whether reliance may be presumed; and
- 14 • whether the members of the Class have sustained damages as a result of the
15 conduct complained of herein and, if so, the proper measure of damages.

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

23 **IX. THE FRAUD ON THE MARKET PRESUMPTION OF RELIANCE**
24 **APPLIES**

25 218. At all relevant times, the market for First Solar's common stock was
26 efficient for the following reasons, among others:

- 27 (i) First Solar's common stock met the requirements for listing, and was listed
28 and actively traded on the Nasdaq, a highly efficient and automated market;
- (ii) As a regulated issuer, First Solar filed periodic public reports with the SEC
 and the Nasdaq;

1 (iii) First Solar regularly and publicly communicated with investors via
2 established market communication mechanisms, including through regular
3 disseminations of press releases on the national circuits of major newswire
4 services and through other wide-ranging public disclosures, such as
5 communications with the financial press and other similar reporting services; and

6 (iv) First Solar was followed by multiple securities analysts employed by major
7 brokerage firms who wrote reports, which were distributed to the sales force and
8 certain customers of their respective brokerage firms. Each of these reports was
9 publicly available and entered the public marketplace. Indeed, more than 150
10 analyst reports on First Solar were published during the Class Period.

11 219. As a result of the foregoing, the market for First Solar's common stock
12 promptly digested current information regarding First Solar from all publicly available
13 sources and reflected such information in the price of First Solar's stock. Under these
14 circumstances, all purchasers of First Solar's common stock during the Class Period
15 suffered similar injury through their purchase of First Solar's stock at artificially inflated
16 prices and a presumption of reliance applies.

17 220. Further, at all relevant times, Lead Plaintiffs and other members of the
18 putative Class reasonably relied upon Defendants to disclose material information as
19 required by law and in the Company's SEC filings. Lead Plaintiffs and the other
20 members of the Class would not have purchased or otherwise acquired First Solar's
21 common stock at artificially inflated prices if Defendants had disclosed all material
22 information as required. Thus, to the extent that Defendants concealed or improperly
23 failed to disclose material facts with regard to the Company and its business, Lead
24 Plaintiffs and other members of the Class are entitled to a presumption of reliance in
25 accordance with *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128, 153
26 (1972).

27 **X. THE STATUTORY SAFE HARBOR AND BESPEAKS CAUTION**
28 **DOCTRINE ARE INAPPLICABLE**

29 221. The Private Securities Litigation Reform Act's statutory safe harbor and/or
30 the "bespeaks caution doctrine" applicable to forward-looking statements under certain

1 circumstances do not apply to any of the materially false or misleading statements alleged
2 herein.

3 222. None of the statements complained of herein was a forward-looking
4 statement. Rather, each was a historical statement or a statement of purportedly current
5 facts and conditions at the time each statement was made.

6 223. To the extent that any materially false or misleading statement alleged
7 herein, or any portion thereof, can be construed as forward-looking, such statement was a
8 mixed statement of present and/or historical facts and future intent, and is not entitled to
9 safe harbor protection with respect to the part of the statement that refers to the present
10 and/or past.

11 224. To the extent that any materially false or misleading statement alleged
12 herein, or any portions thereof, may be construed as forward-looking, such statement was
13 not accompanied by meaningful cautionary language identifying important facts that
14 could cause actual results to differ materially from those in the statement or portion
15 thereof. As alleged above in detail, given the then-existing facts contradicting
16 Defendants' statements, any generalized risk disclosures made by Defendants were not
17 sufficient to insulate Defendants from liability for their materially false or misleading
18 statements.

19 225. To the extent that the statutory safe harbor may apply to any materially
20 false or misleading statement alleged herein, or a portion thereof, Defendants are liable
21 for any such false or misleading statement because at the time such statement was made,
22 the speaker knew the statement was false or misleading, or the statement was authorized
23 and approved by an executive officer of First Solar who knew that such statement was
24 false or misleading.

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1 **XI. CAUSES OF ACTION**

2 **COUNT I**

3 **For Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated**
4 **Thereunder Against First Solar and the Individual Defendants**

5 226. Lead Plaintiffs repeat and reallege each and every allegation set forth above
6 as if fully set forth herein.

7 227. This Count is asserted pursuant to Section 10(b) of the Exchange Act, and
8 Rule 10b-5 promulgated thereunder on behalf of Lead Plaintiffs and all other members of
9 the Class, against First Solar and the Individual Defendants.

10 228. As alleged herein, throughout the Class Period, First Solar and the
11 Individual Defendants, individually and in concert, directly and indirectly, by the use of
12 the means or instrumentalities of interstate commerce, the mails and/or the facilities of
13 national securities exchanges, made materially untrue statements of material fact and/or
14 omitted to state material facts necessary to make their statements not misleading and
15 carried out a plan, scheme, and course of conduct, in violation of Section 10(b) of the
16 Exchange Act and Rule 10b-5 promulgated thereunder. First Solar and the Individual
17 Defendants intended to and did, as alleged herein: (i) deceive the investing public,
18 including Lead Plaintiffs and the other members of the Class; (ii) artificially inflate and
19 maintain the prices of First Solar's common stock; and (iii) cause Lead Plaintiffs and the
20 other members of the Class to purchase the Company's common stock at artificially
21 inflated prices.

22 229. The Individual Defendants were individually and collectively responsible
23 for making the materially false and misleading statements and omissions alleged herein
24 and having engaged in a plan, scheme, and course of conduct designed to deceive Lead
25 Plaintiffs and members of the Class, by virtue of having made public statements and
26 prepared, approved, signed, and/or disseminated documents that contained untrue
27 statements of material fact and/or omitted facts necessary to make the statements therein
28 not misleading.

1 First Solar, the Individual Defendants had the power and ability to control the actions of
2 First Solar and its employees. By reason of such conduct, the Individual Defendants are
3 liable pursuant to Section 20(a) of the Exchange Act.

4 **XII. PRAYER FOR RELIEF**

5 WHEREFORE, Lead Plaintiffs respectfully pray for judgment as follows:

- 6 A. Determining that this action is a proper class action maintained under
7 Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, certifying
8 Lead Plaintiffs as class representatives, and appointing Kessler Topaz
9 Meltzer & Check, LLP and Labaton Sucharow as class counsel pursuant to
10 Rule 23(g);
- 11 B. Declaring and determining that Defendants violated the Exchange Act by
12 reason of the acts and omissions alleged herein;
- 13 C. Awarding Lead Plaintiffs and the Class compensatory damages against all
14 Defendants, jointly and severally, in an amount to be proven at trial
15 together with prejudgment interest thereon;
- 16 D. Awarding Lead Plaintiffs and the Class their reasonable costs and expenses
17 incurred in this action, including but not limited to, attorneys' fees and
18 costs incurred by consulting and testifying expert witnesses; and
- 19 E. Granting such other and further relief as the Court deems just and proper.

20 **XIII. JURY TRIAL DEMANDED**

21 Lead Plaintiffs hereby demand a trial by jury.

23 Dated: June 23, 2022

s/ Andrew S. Friedman

24 Andrew S. Friedman (005425)
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