

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

ROGER MORRELL,)
)
 Plaintiff,)
)
 v.) Civil Action No. 2019-0081-KSJM
) **PUBLIC VERSION**
 ALPHABET INC.,) **FILED FEBRUARY 7, 2019**
)
 Defendant.)

**VERIFIED COMPLAINT PURSUANT TO 8 DEL. C. § 220
TO COMPEL INSPECTION OF BOOKS AND RECORDS**

Plaintiff Roger Morrell (“Plaintiff”), by his undersigned attorneys, for this Verified Complaint against Defendant Alphabet Inc. (“Alphabet,” “Google,” the “Company,” or “Defendant”), alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. Plaintiff, a beneficial holder of Alphabet common stock at all relevant times, brings this action pursuant to 8 *Del. C.* § 220 (“Section 220”) to enforce Plaintiff’s statutory right to inspect certain books and records of Defendant.
2. In particular, Plaintiff wishes to inspect books and records of relating to meetings of Alphabet’s Board of Directors (the “Board”) dating from no earlier

than January 1, 2013, through November 2, 2018, inclusive, “during which allegations of sexual misconduct against Google employees were discussed”; and Board books and records dating from no earlier than October 8, 2017, through November 2, 2018, inclusive, “during which potential data breaches involving the unauthorized disclosure of Google product users’ personal data was discussed.”

3. Plaintiff’s purpose in making the Demand (defined herein) is reasonably related to his interests as an Alphabet stockholder.

PARTIES

4. Plaintiff has been a continuous beneficial owner of Alphabet common stock since August 23, 2013.

5. Defendant Alphabet is a Delaware corporation with its principal executive offices located at 1600 Amphitheatre Parkway, Mountain View, California 94043.

6. As stated in its annual report for 2017, Form 10-K, filed with the U.S. Securities and Exchange Commission on February 6, 2018, “Alphabet is a collection of businesses -- the largest of which, of course, is Google.” On August 10, 2015, Alphabet became the successor issuer to, and public parent holding company of, Google Inc. (which in turn was converted into a limited liability company in September 2017). Alphabet owns all of the equity interests in Google.

SUBSTANTIVE ALLEGATIONS

Sexual Harassment and Discrimination

7. Former Google executive Andrew E. Rubin (“Rubin”) is known as the “Father of Android” because he was the primary developer of the popular mobile operating system.

8. Rubin joined Google in 2005 when it acquired Android, his start up business. Alphabet/Google has since earned billions of dollars on the Android operating system, the applications it supports (e.g., the Google search function, the Google Chrome browser, and Google Maps), and the advertisements that run on them.

9. Rubin was a senior vice president for mobile and digital content at Google from 2005 to 2013. In 2013, Rubin was tapped to lead Google’s Automation products area.

10. According to the minutes of a special meeting of the Leadership Development and Compensation Committee (the “Compensation Committee”) of the Board held on March 4, 2014, produced by Alphabet in response to Plaintiff’s Section 220 Demand Letter dated November 2, 2018 (Exhibit A) (the “Demand” or the “Demand Letter”), discussed *infra*, Larry Page (“Page”), Google’s Chief

Executive Officer (“CEO”) at the time,¹ and Prasad Setty, Google’s Vice President, People Analytics and Compensation, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] GOOG-MRL-SHD-00000055,

57.² *See also* GOOG-219.

11. According to the materials for the Compensation Committee’s April 16, 2014 meeting, [REDACTED]

[REDACTED] GOOG-061, 66.

12. According to Company emails, in August 2014, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹ Page is now CEO of Alphabet.

² For convenience, future references to the Company’s limited document production shall be cited as “GOOG-XXX.”

[REDACTED]

[REDACTED]

[REDACTED] GOOG-266.

13. [REDACTED]

[REDACTED] GOOG-222, 265, 283.

14. Rubin resigned from Google on or about November 4, 2014, GOOG-135, to co-found the investment firm Playground Global, which funded, among other things, Essential Products, Inc., a cell phone and accessories developer and manufacturer. Rubin is the founder and CEO of Essential Products.

15. On October 25, 2018, in an article entitled “How Google Protected Andy Rubin, the ‘Father of Android,’” *The New York Times* reported online (the “NYT Article”) that Google paid Rubin approximately \$90 million as part of a severance package, and delayed repayment of a \$14 million loan to Rubin, to conceal allegations of sexual misconduct against Rubin. <http://www.nytimes.com/2018/10/25/technology/google-sexual-harassment-andy-rubin.html>.³

16. According to the NYT Article, Rubin was given the opportunity to resign after a Google employee with whom Rubin was having an extramarital

³ The print edition of the NYT Article was published on October 26, 2018 “on Page A1 of the New York edition with the headline: How Google Has Protected Its Elite Men.”

relationship said he coerced her into performing oral sex in a hotel room in 2013. The article stated the incident was not the first instance of sexual misconduct by Rubin while at Google.

17. The article said the Company investigated the employee's claim and found it credible. Rather than terminating Rubin for cause, Larry Page, Google's CEO, allowed Rubin to resign voluntarily.

18. Alphabet shares closed at \$1,095.57 per share on Thursday, October 25, 2018. The following day, Friday, October 26, 2018, they lost \$24.10 per share, or 2.2%, to close at \$1,071.47 per share. On Monday, October 29, 2018, Alphabet shares lost an additional \$51.39, or 4.8%, to close at \$1,020.08 per share.

19. Rubin would have been entitled to little or no severance pay had he been terminated for cause. Instead, at a regular meeting of the Compensation Committee held on October 22, 2014, the Committee approved the terms and conditions of a separation agreement for Rubin worth more than [REDACTED]

GOOG-001, 3. Specifically, the terms called for:

- [REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

█ [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

GOOG-006, 129. [REDACTED]

[REDACTED] GOOG-129.

20. The October 22, 2014 Compensation Committee meeting was attended by Committee members L. John Doerr (“Doerr”), Paul S. Otellini, and K. Ram Shriram (“Shriram”), as well as CEO Page. GOOG-001. Page, Doerr, and Shriram remain as members of the Alphabet Board.

21. [REDACTED]

However, according to the minutes of the Compensation Committee’s April 22, 2015 regular meeting, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] GOOG-362-63.

22. [REDACTED]

[REDACTED]

23. Google did not announce the reasons for or the terms of Rubin's departure from the Company.

24. On February 9, 2016, in an article entitled "Andy Rubin Unleashed Android on the World. Now Watch Him Do the Same with AI," *Wired* reported that Google had invested in Rubin's new company, Playground Global. <http://www.wired.com/2016/02/android-inventor-andy-rubin-playground-artificial-intelligence>. It is unknown whether this investment was a formal or informal term and condition of Rubin's separation agreement. According to Essential Products' website, the company receives funding from, among others, Playground Global. <http://www.essential.com/about#investors>. Thus, Rubin received and may still receive money from the Company to fund his business ventures despite his resignation under a cloud of allegations of sexual misconduct.

25. Amit Singhal (“Singhal”) was a Google senior vice president responsible for Google’s search function. He resigned on February 26, 2016, stating he wanted to concentrate on philanthropy and his family. However, Singhal was hired as senior vice president of engineering at Uber Technologies Inc. (“Uber”) in January 2017. According to numerous news reports, on February 27, 2017, Singhal was asked to resign from Uber because he failed to disclose he left Google after the Company had investigated a sexual harassment allegation against him that it found credible. Specifically, a female Google employee alleged she was groped in 2015 by an inebriated Singhal at an off-site event attended by numerous colleagues. Singhal discussed and denied the allegations with Bock and Google Inc. CEO Sundar Pichai (“Pichai”) prior to resigning.

26. According to the NYT Article, Singhal “negotiated an exit package [at Google] that paid him millions and prevented him from working for a competitor.”

27. The details of Singhal’s exit package are unknown, as is who approved them and why they were approved.

28. According to the NYT Article, in 2013, Richard DeVaul (“DeVaul”), a director at Google X, also known as “The Moonshot Factory,” Google’s research and development subsidiary for new technologies, interviewed a female hardware engineer, Star Simpson (“Simpson”), for a position with the Company, told

Simpson he and his wife were “polyamorous,” and invited Simpson to the Burning Man festival. Simpson accepted but brought her mother to the event and dressed conservatively because she thought she would be talking to DeVaul about the position. Instead, DeVaul asked Simpson to remove her shirt and accept a back rub. Simpson consented to a neck rub.

29. Several weeks later, Simpson was told, without explanation, she would not be offered the job.

30. According to the NYT Article, Simpson did not report the incident to Google for two years, and did not go public until DeVaul’s “public profile began rising in articles in The New York Times and The Atlantic.”

31. DeVaul left Google on October 30, 2018, shortly after publication of the NYT Article. He purportedly did not receive a severance package. <http://www.axios.com/executive-accused-of-harassment-at-alphabet-x-unit-is-out-6f583d1e-91e3-4a8b-ae2b-51fd4517ec74.html>.

32. On November 1, 2018, shortly after the NYT Article was published, more than 20,000 Google employees and contractors worldwide, approximately 20% of the Company’s total workforce, staged a walkout to protest “sexual harassment, misconduct, lack of transparency, and a non-inclusive workplace culture.” <http://fortune.com/2018/11/03/google-employees-walkout-demands>.

33. Among other things, the protest organizers demanded “an end to forced arbitration, a commitment from the company to end inequities in pay and opportunity, a publicly disclosed sexual harassment transparency report, and a safe and anonymous process for reporting sexual misconduct at Google” and “that the company’s chief diversity officer answer directly to the CEO and make recommendations directly to the board of directors — and that the company add an employee representative to the board.” <http://www.npr.org/2018/11/01/662851489/google-employees-plan-global-walkout-to-protest-companys-treatment-of-women>.

Google+ Data Breaches

34. On October 8, 2018, *The Wall Street Journal* reported in an article entitled “Google Exposed User Data, Feared Repercussions of Disclosing to Public” (the “WSJ Article”) that internal investigators at the Company discovered in March 2018 a glitch in the software for Google+, the Company’s social media site, which allowed outside developers potential access to private Google+ users profile data between 2015 and March 2018. <http://www.wsj.com/articles/google-exposed-user-data-feared-repercussions-of-disclosing-to-public-1539017194>. The WSJ Article stated “Google makes user data available to outside developers through more than 130 different public channels known as application

programming interfaces, or APIs. These tools usually require a user's permission to access any information, but they can be misused by unscrupulous actors posing as app developers to gain access to sensitive personal data." The profile data that was exposed included full names, email addresses, birth dates, gender, profile photos, places lived, occupation and relationship status. Google "found 496,951 users who had shared private profile data with a friend could have had that data accessed by an outside developer."

35. The WSJ Article also said that in addition to Google+ users, "[s]ome of the individuals whose data was exposed to potential misuse included paying users of G Suite, a set of productivity tools including Google Docs and Drive G Suite customers include businesses, schools and governments."

36. The WSJ Article stated that "[a] memo reviewed . . . prepared by Google's legal and policy staff and shared with senior executives warned that disclosing the incident would likely trigger 'immediate regulatory interest' and invite comparisons to Facebook's leak of user information to data firm Cambridge Analytica." Moreover, Google LLC CEO and Board member "Pichai was briefed on the plan not to notify users after an internal committee had reached that decision."

37. On October 8, 2018, the same day the WSJ Article was published, the Company announcing it was terminating Google+ for consumers. The announcement from Ben Smith, Google Fellow and Vice President of Engineering, stated in relevant part:

Project Strobe: Protecting your data, improving our third-party APIs, and sunseting consumer Google+

Many third-party apps, services and websites build on top of our various services to improve everyone's phones, working life, and online experience. We strongly support this active ecosystem. But increasingly, its success depends on users knowing that their data is secure, and on developers having clear rules of the road.

Over the years we've continually strengthened our controls and policies in response to regular internal reviews, user feedback and evolving expectations about data privacy and security.

At the beginning of this year, we started an effort called Project Strobe—a root-and-branch review of third-party developer access to Google account and Android device data and of our philosophy around apps' data access. This project looked at the operation of our privacy controls, platforms where users were not engaging with our APIs because of concerns around data privacy, areas where developers may have been granted overly broad access, and other areas in which our policies should be tightened.

We're announcing the first four findings and actions from this review today.

Finding 1: There are significant challenges in creating and maintaining a successful Google+ product that meets consumers' expectations.

Action 1: We are shutting down Google+ for consumers.

Over the years we've received feedback that people want to better understand how to control the data they choose to share with apps on Google+. So as part of Project Strobe, one of our first priorities was to closely review all the APIs associated with Google+.

This review crystallized what we've known for a while: that while our engineering teams have put a lot of effort and dedication into building Google+ over the years, it has not achieved broad consumer or developer adoption, and has seen limited user interaction with apps. The consumer version of Google+ currently has low usage and engagement: 90 percent of Google+ user sessions are less than five seconds.

Our review showed that our Google+ APIs, and the associated controls for consumers, are challenging to develop and maintain. Underlining this, as part of our Project Strobe audit, we discovered a bug in one of the Google+ People APIs:

- Users can grant access to their Profile data, and the public Profile information of their friends, to Google+ apps, via the API.
- The bug meant that apps also had access to Profile fields that were shared with the user, but not marked as public.
- This data is limited to static, optional Google+ Profile fields including name, email address, occupation, gender and age. (See the full list [on our developer site](#).) It **does not** include **any other data** you may have posted or connected to Google+ or any other service, like Google+ posts, messages, Google account data, phone numbers or G Suite content.
- We discovered and immediately patched this bug in March 2018. We believe it occurred after launch as a result of the API's interaction with a subsequent Google+ code change.

- We made Google+ with privacy in mind and therefore keep this API's log data for only two weeks. That means we cannot confirm which users were impacted by this bug. However, we ran a detailed analysis over the two weeks prior to patching the bug, and from that analysis, the Profiles of up to 500,000 Google+ accounts were potentially affected. Our analysis showed that up to 438 applications may have used this API.
- We found **no evidence** that any developer was aware of this bug, or abusing the API, and we found **no evidence** that any Profile data was misused.

Every year, we send millions of notifications to users about privacy and security bugs and issues. Whenever user data may have been affected, we go beyond our legal requirements and apply several criteria focused on our users in determining whether to provide notice. Our Privacy & Data Protection Office reviewed this issue, looking at the type of data involved, whether we could accurately identify the users to inform, whether there was any evidence of misuse, and whether there were any actions a developer or user could take in response. None of these thresholds were met in this instance.

The review did highlight the significant challenges in creating and maintaining a successful Google+ that meets consumers' expectations. Given these challenges and the very low usage of the consumer version of Google+, we decided to sunset the consumer version of Google+.

To give people a full opportunity to transition, we will implement this wind-down over a 10-month period, slated for completion by the end of next August. Over the coming months, we will provide consumers with additional information, including ways they can download and migrate their data.

At the same time, we have many enterprise customers who are finding great value in using Google+ within their companies. Our review showed that Google+ is better suited as an enterprise product where

co-workers can engage in internal discussions on a secure corporate social network. Enterprise customers can set common access rules, and use central controls, for their entire organization. We've decided to focus on our enterprise efforts and will be launching new features purpose-built for businesses. We will share more information in the coming days.

<http://blog.google/technology/safety-security/project-strobe> (emphasis in original).

38. Alphabet shares closed at \$1,157.35 per share on Friday, October 5, 2018. By Wednesday, October 10, 2018, they had lost \$76.13 per share, or 6.6%, to close at \$1,081.22 per share.

39. On December 10, 2018, the Company announced it had found “some [Google+] users were impacted by a software update introduced in November that contained a bug affecting a Google+ API” which was purportedly “fixed . . . within a week of it being introduced.” The flaw “impacted approximately 52.5 *million* users in connection with a Google+ API,” and “apps that requested permission to view profile information that a user had added to their Google+ profile—like their name, email address, occupation, age . . .—were granted permission to view profile information about that user even when set to not-public.” Further, “apps with access to a user’s Google+ profile data also had access to the profile data that had been shared with the consenting user by another

Google+ user but that was not shared publicly.” <http://www.blog.google/technology/safety-security/expediting-changes-google-plus> (emphasis added).

40. As a result of this second Google+ API issue, the Company announced it was shutting down all Google+ APIs within 90 days and terminating the Google+ service for consumers in April 2019, not the end of August as previously announced.

41. Google LLC CEO Pichai testified before the House Judiciary Committee on December 11, 2018. Pichai was questioned about, among other things, the recent Google+ data security issues, which he claimed were not data “breaches” because the Company purportedly found no evidence third parties accessed or misused users’ private information.

42. A stockholder securities fraud class action, *In re Alphabet, Inc. Securities Litigation*, Master File No. 18-cv-06245-JSW (N.D. Cal.) was recently consolidated. The operative complaint names Alphabet, Page, Pichai, and Alphabet Chief Financial Officer Ruth M. Porat as defendants, and alleges they made materially false and misleading statements “regarding the security failure affecting users personal data” between April 23, 2018 and October 7, 2018, inclusive, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5.

43. There is a credible basis upon which it may be inferred that mismanagement, in the form of materially false and misleading statements by the Company and its officers and directors, may have occurred.

44. Specifically, it may be reasonably inferred that, *at a minimum*, Alphabet Board member and Google LLC CEO Pichai, in addition to senior management, knew of the Google+ security issue months before it was made public, but concealed it and made and allowed others to make materially false and misleading statements by failing to disclose such information.

45. When the truth was disclosed, it caused an immediate significant decrease in the Company's share price and market capitalization.

Plaintiff's Books and Records Demand

46. The Demand Letter, sent to Alphabet by Plaintiff's counsel, was dated November 2, 2018. Exhibit A. Plaintiff's counsel attached to the Demand Letter true and correct copies of brokerage account statements reflecting Plaintiff's beneficial ownership of Google/Alphabet common stock at all relevant times. *Id.* Plaintiff's counsel also attached to the Demand Letter a special power of attorney executed by Plaintiff authorizing the Demand, along with a verification of Plaintiff. *Id.*

47. The Demand Letter was sent on November 2, 2018, via FedEx overnight delivery to the Company's principal place of business in Mountain View, California. The Demand Letter was also served on the Company's Registered Agent in Delaware.

48. Plaintiff demanded that Alphabet⁴ provide him with the opportunity to inspect and copy the following books and records⁵ within the Company's possession, custody, and control during the usual hours of business within five (5) business days of receipt of the Demand Letter:

1. Minutes of all meetings of the Board of Directors of Alphabet (the "Board")⁶ from January 1, 2013 through the date of this demand, November 7, 2018, inclusive, during which allegations of sexual misconduct against Google employees were discussed, including but not limited to:

- How and when Alphabet Chief Executive Officer Larry Page ("Page") first learned of allegations that Andrew Rubin

⁴ "Alphabet" was defined to include Google LLC and "all other Company's [sic] subsidiaries as defined at 8 *Del. C.* § 220(a)(2)."

⁵ According to the Demand Letter, the term "books and records" was to be "construed as broadly as possible under Delaware precedent."

⁶ The Demand Letter stated the phrase "all meetings of the Board of Directors of Alphabet" included, for the purposes of the letter, "all regular, special, and *ad hoc* meetings of the Board and all such meetings of regular, special, or *ad hoc* committees or subcommittees of the Board, whether held in person, telephonically, electronically, or otherwise."

(“Rubin”) coerced another Google employee into performing oral sex in a hotel room in 2013;

- The conclusions or findings of any investigation or inquiry into allegations of sexual misconduct by Rubin during his employment by Google, including but not limited to whether the allegations against Rubin were credible;
- The reasons for the termination of Rubin’s employment with Google, including but not limited to whether the termination of Rubin’s employment was related to the allegations of sexual misconduct against Rubin during his employment by Google;
- The compensation paid to Rubin by Google in 2014, including but not limited to the award of Alphabet stock worth approximately \$150 million to Rubin in or about September 2014;
- Whether Page and/or members of the leadership and compensation committee of the Board were aware of the allegations of sexual misconduct against Rubin when the 2014 grant of Alphabet stock worth approximately \$150 million to Rubin was approved;
- The reasons for the decision to pay Rubin a \$90 million severance package upon the termination of his employment by Google;
- The structure of the payments made to Rubin under his severance agreement with Google, including but not limited to whether Rubin retained any of the approximately \$150 million in Alphabet stock granted to him in or about September 2014;
- The terms of any separation agreement with Rubin upon the termination of his employment with Google, including but not limited to any non-disparagement and/or confidentiality agreements between Google and Rubin;

- The \$14 million loan made to Rubin by Google in or about 2012, including but not limited to the purpose of the loan and the repayment terms;
- Whether Google delayed or deferred repayment of the \$14 million loan to Rubin and, if so, the reasons for the decision to delay repayment of the loan;
- Who made the decision to delay or defer repayment of the \$14 million loan by Google to Rubin and when that decision was made;
- Any Google investment in Playground Global, the venture firm founded by Rubin, including but not limited to the size of the investment, the reasons for the investment, the structure of the investment, who approved the investment, and when the decision to make the investment was made;
- Any corrective actions taken against Rubin during his employment by Google, including but not limited to the denial of bonus compensation to Rubin;
- Who determined . . . that Google should take corrective actions against Rubin, and the reasons for those determinations;
- The reputational harm to Alphabet that could result from the disclosure of sexual misconduct allegations against Rubin and/or other Google employees;
- Any instance of Rubin engaging in personal relationships with Google employees who directly or indirectly reported to Rubin, including but [not] limited to relationships that were not disclosed to Google's human resources department;
- Any instance in which Google executives other than Rubin were accused of sexual misconduct, including but not limited to

allegations against Richard DeVaul (“DeVaul”) and Amit Singhal (“Singhal”);

- The conclusions or findings of any investigation or inquiry into allegations of sexual misconduct by any Google employee, including but not limited to the allegations made by Star Simpson (“Simpson”) against DeVaul;
- The corrective actions taken in connection with the allegations of sexual misconduct made against Google employees, including but not limited to the allegations made by Simpson against DeVaul;
- The factors considered in determining the corrective actions imposed;
- Who made the determinations concerning the corrective actions imposed;
- The reasons for DeVaul’s resignation from Alphabet;
- Whether any severance package was granted to DeVaul and, if so, the terms of that severance package;
- The terms of any separation agreement with DeVaul upon the termination of his employment with Alphabet, including but not limited to any non-disparagement and/or confidentiality agreements between Alphabet and DeVaul;
- The conclusions or findings of any investigation or inquiry into allegations of sexual misconduct by Singhal during his employment by Google, including but not limited to allegations that Singhal groped a Google employee at an off-site event in 2015;
- Whether Singhal’s resignation from Google was related to the allegations of sexual misconduct against him;

- The severance package paid to Singhal upon his resignation from Google, including but limited to the amount and structure of any compensation paid to Singhal as part of his severance;
- The terms of any separation agreement with Singhal upon the termination of his employment with Google, including but not limited to any non-disparagement and/or confidentiality agreements between Google and Singhal;
- Any severance compensation or package paid to any Google employee whose employment was terminated due to allegations of sexual misconduct;
- *The New York Times* October 25, 2018 article entitled “How Google Protected Andy Rubin, the ‘Father of Android;’”
- The walk-out protest staged by Google employees on November 1, 2018;
- The demand made by Google protest organizers to end “forced arbitration” in cases of sexual harassment and discrimination;
- The demand made by Google protest organizers that an employee representative be appointed to the Board;

were on the agenda or were otherwise discussed at the meetings.

2. All Board agendas, packages, presentations, reports, exhibits, official correspondence and emails, recordings, summaries, memoranda, transcripts, notes, summaries of meetings, and resolutions for all of the above-described Board meetings.

3. Minutes of all meetings of the Board from October 8, 2017 through the date of this demand, November 7, 2018, inclusive, during

which potential data breaches involving the unauthorized disclosure of Google product users' personal data was discussed, including but not limited to:

- Google+ user profile data, which was not authorized to be disclosed, which was made available to outside, or third-party, application developers through application programming interfaces (“APIs”);
- The conclusions, findings or recommendations of any committee concerning whether Google+ users should be informed that user profile data was exposed to unauthorized access by outside, or third-party, application developers;
- The decision not to notify Google+ users that private profile data was exposed to unauthorized access by outside, or third-party, application developers;
- The possibility that public disclosure that user profile data was exposed to unauthorized access by outside, or third-party, application developers would trigger or cause regulatory inquiry, interest or scrutiny;
- When and how Sundar Pichai (“Pichai”) was notified that Google+ user profile data was exposed to unauthorized access by outside, or third-party, application developers;
- The criteria used by the Company to determine whether to notify Google product users that Google+ user profile data was exposed to unauthorized access by outside, or third-party, application developers;
- The findings, conclusions, and recommendations made about whether to notify Google product users that Google+ user profile data was exposed to unauthorized access by outside, or third-party, application developers, including but not limited to those of Google’s Privacy and Data Protection Office;

- The possible reputational harm that could result from the disclosure that Google+ user profile data was exposed to unauthorized access by outside, or third-party, application developers;
- The findings, conclusions, and recommendations of any Company task force that conducted audits of Google's APIs, including but not limited to Google's Project Strobe;
- The software issue or "glitch" that allowed outside, or third-party, application developers unauthorized access to Google+ user profile data;
- The time period during which Google+ user profile data was exposed to unauthorized access by outside, or third-party, application developers (the "Relevant Period");
- The number of Google+ users whose personal profile data was exposed to unauthorized access by outside, or third-party, application developers during the Relevant Period;
- The number of G Suite customers whose personal data was exposed to unauthorized access by outside, or third-party, application developers during the Relevant Period;
- The activity logs maintained by the Company that could be used to identify the Google product users and the specific personal data that was exposed to unauthorized access by outside, or third-party, application developers during the Relevant Period;
- How Google identified the application developers that had unauthorized access to Google+ user profile data during the Relevant Period;

- How Google determined if complaints were filed against any of the application developers that had unauthorized access to Google+ user profile data during the Relevant Period[;]
- Any communications between the Company and application developers concerning unauthorized access to Google+ user profile data during the Relevant Period;
- The results of all tests or audits conducted to determine the number of Google product users whose profile data was exposed to unauthorized access by outside, or third-party, application developers;
- Whether the software issue or “glitch” that allowed unauthorized access to Google+ user profile data by outside, or third-party, application developers affected access to Gmail users’ personal data or email content;
- The restrictions on outside, or third-party, application developers’ access to Google products users’ data, including but not limited to access to SMS messaging data, call log data and contact data on Android phones during the Relevant Period;
- The changes to the restrictions on outside, or third-party, application developers’ access to Google products users’ data, including but not limited to changes in access to SMS messaging data, call log data and contact data on Android phones made by the Company in, or about, March 2018 and after;

were on the agenda or were otherwise discussed at the meetings.

4. All Board agendas, packages, presentations, reports, exhibits, official correspondence and emails, recordings, summaries, memoranda, transcripts, notes, summaries of meetings, and resolutions for all of the above-described Board meetings.

49. The Demand Letter set forth Plaintiff's desire to inspect the materials listed above for the following legitimate and proper purposes, all of which are reasonably related to Plaintiff's interests as a stockholder of Alphabet:

1. To investigate potential wrongdoing, mismanagement, and breaches of fiduciary duties by the members of the Board, the Company's executive officers, and/or others in connection with the unauthorized disclosure of Google product users' personal data to outside, or third-party application developers from 2015 through the date of this demand;
2. To assess the ability of the Board to consider impartially a demand for action (including a request for permission to file a derivative lawsuit on the Company's behalf) related to such issues; and
3. To take appropriate action in the event the members of the Board did not properly discharge their fiduciary duties, including the preparation and filing of a stockholder derivative lawsuit, if appropriate.

50. Plaintiff designated Rigrodsky & Long, P.A. as his agent to conduct the inspection demanded.

51. By letter dated November 20, 2018, counsel for Alphabet rejected Plaintiff Morrell's Section 220 demand. Exhibit B. The letter incorrectly asserted, among other things, "the Demand is deficient because it: (1) fails to establish that

Mr. Morrell has a proper purpose; (2) fails to establish the required credible basis from which to infer wrongdoing; and (3) is impermissibly overbroad.”

52. Alphabet’s counsel’s November 20, 2018 letter added “[n]otwithstanding these deficiencies, and subject to and preserving all of its objections, Alphabet is amenable to producing certain materials for inspection in the event that Mr. Morrell executes a suitable confidentiality agreement and agrees that Alphabet’s production would fully satisfy the Demand.”

53. On November 26, 2018, counsel for Morrell and Alphabet executed a Confidentiality and Non-Disclosure Agreement (the “NDA”). Exhibit C. The NDA set forth the terms under which Alphabet would provide confidential information to Morrell and his counsel.

54. The NDA did not contain language expressly or implicitly stating that Plaintiff agreed Alphabet’s initial “production would fully satisfy the Demand.” It also provided “[t]his Agreement constitutes the only agreement between [Morrell] and the Company with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written.”

55. On December 18, 2018, Alphabet produced 589 pages of materials to Plaintiff, the vast majority of which were redacted in full or contained nothing more than topic headers and scattered pieces of unresponsive text.

56. Alphabet produced the agenda and materials for *only one* Board meeting, which was scheduled for January 31, 2018. GOOG-572 *et seq.* *The Company did not produce the minutes for this meeting, nor did it provide any type of materials for any other Board meeting.*

57. The Company also produced minutes and meeting materials for several Compensation Committee meetings held at various times between March 4, 2014, GOOG-055 *et seq.*, and January 27, 2016, GOOG-367 *et seq.*, GOOG-557 *et seq.*

58. The Company provided no books and records responsive to Demands 1-2 except for certain Compensation Committee materials discussing: [REDACTED]

[REDACTED] and (2) the terms and conditions of Rubin's separation agreement. Even the Company's disclosure on the latter topic was inadequate because, as discussed above, the minutes of the April 22, 2015 regular meeting of the Compensation Committee state [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] GOOG-362-63. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

59. Further, the disclosed books and records responsive to Demands 1-2 did not provide any Board materials regarding, *among other things*: (1) allegations of sexual misconduct by Rubin and investigations by Google into such allegations; (2) [REDACTED]

[REDACTED]

[REDACTED] (3) whether Google took corrective action against Rubin during his tenure with the Company; (4) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]; (6) the reasons for Rubin's separation; (7) Google's investment in

Playground Global; (8) allegations of sexual misconduct by DeVaul and Singhal and the circumstances and terms of their departures from the Company; (9) the NYT Article; or (10) the November 1, 2018 employee protest, all of which was demanded by Plaintiff.

60. The Company did not produce *any* books and records responsive to Demands 3-4 regarding the Google+ data breach.

61. By demonstrating that Alphabet/Google has a history of ignoring and/or covering up complaints of sexual harassment and discrimination by senior Company executives, and that the Company and very senior executives made false and misleading statements and/or statements omitting material facts that concealed the Company's knowledge of the Google+ security breach, Plaintiff has demonstrated a credible basis from which it may reasonably be inferred that mismanagement may have occurred.

62. Plaintiff's books and records demand was narrowly focused on specific Board minutes and other Board materials that would show the extent to which the Board and the Company's executive officers knew of the allegations of sexual misconduct and discrimination, as well as the Google+ data breach, and whether the Board allowed, encouraged, or condoned the Company and its

executive officers to ignore or cover up the former and make materially false and misleading statements regarding the latter.

63. All of the materials identified in the Demand Letter are essential for the legitimate and proper purposes stated therein. In the event the demanded inspection reveals malfeasance or nonfeasance by the Board, Plaintiff will take appropriate action, such as making a demand on the Board or filing a derivative complaint. Both of these possible courses of action are well within a stockholder's rights under Delaware law, and gathering information for these purposes is proper under Section 220. Delaware Courts have repeatedly urged prospective plaintiffs to use the "tools at hand," such as a books and records request, to obtain information before filing derivative claims.

64. Accordingly, Plaintiff brings this complaint to enforce his rights under Section 220(c) based on Defendant's refusal to provide books and records fully responsive to his demand dated November 2, 2018.

CAUSE OF ACTION

Inspection of Books and Records of Alphabet

65. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

66. Plaintiff has complied fully with all of the requirements under Section 220 concerning the form and manner of making a demand for inspection of Alphabet's books and records.

67. Through his Demand, Plaintiff has demonstrated a credible basis from which to infer that there are reasonable grounds to suspect mismanagement that warrant further investigation. Plaintiff's Demand is for a proper purpose and the documents identified in the Demand are essential for that purpose.

68. Alphabet has wrongfully failed to comply with the Demand.

69. Pursuant to Section 220, Plaintiff is entitled to apply to this Court for an Order compelling inspection of Alphabet's corporate books and records because Alphabet has wrongfully refused to permit the inspection after Plaintiff complied with said statute concerning the form and manner of making a demand for inspection of such documents and articulated a proper purpose for the inspection.

70. Plaintiff therefore seeks relief from the Court pursuant to Section 220 to compel inspection of Alphabet's books and records without further delay.

71. Neither Plaintiff nor his attorneys have any litigation pending against Alphabet or its subsidiaries, directors, officers, or employees.

72. Plaintiff has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment and relief as follows:

- A. An order summarily requiring Alphabet to permit immediately the inspection and copying of each and every requested book and record in un-redacted form as set forth in Plaintiff's November 2, 2018, Demand Letter;
- B. An order directing Alphabet to pay Plaintiff's reasonable attorneys' fees and expenses in connection with the Demand and related litigation; and
- C. Such other and further relief as this Court deems just and proper.

Dated: February 4, 2019

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