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

[REDACTED] Individually and on)
Behalf of All Other Persons Similarly)
Situating,)

Plaintiff,)

v.)

IXIA, VICTOR ALSTON, ATUL)
BHATNAGAR, THOMAS B. MILLER,)
and ERROL GINSBERG,)

Defendants)
_____)

Case No.: **CV13-08440-PA** (SHA)

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff [REDACTED] (“Plaintiff”), individually and on behalf of all other
2 persons similarly situated, by his undersigned attorneys, for his complaint against
3 defendants, alleges the following based upon personal knowledge as to himself and his
4 own acts, and information and belief as to all other matters, based upon, *inter alia*, the
5 investigation conducted by and through his attorneys, which included, among other
6 things, a review of the defendants’ public documents, conference calls and
7 announcements made by defendants, United States Securities and Exchange Commission
8 (“SEC”) filings, wire and press releases published by and regarding Ixia (“Ixia” or the
9 “Company”), analysts’ reports and advisories about the Company, and information
10 readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support
11 will exist for the allegations set forth herein after a reasonable opportunity for discovery.
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16 NATURE OF THE ACTION

17 1. This is a federal securities class action on behalf of a class consisting of all
18 persons other than defendants who purchased Ixia securities between April 29, 2010 and
19 October 24, 2013, inclusive (the “Class Period”), seeking to recover damages caused by
20 defendants’ violations of the federal securities laws and to pursue remedies under §§
21 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule
22 10b-5 against the Company and certain of its top officials.
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26 2. Ixia delivers information technology solutions to a wide variety of
27 organizations, through real-time monitoring, real-world testing, and rapid assessment of
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1 networks and systems. The Company's tools are purportedly used to provide "end-to-end
2 visibility" and complete understanding into user behavior, security vulnerabilities,
3 network capacity, application performance, and IT resiliency.

4
5 3. Throughout the Class Period, Defendants made false and/or misleading
6 statements, as well as failed to disclose material adverse facts about the Company's
7 business, operations, and prospects. Specifically, Defendants made false and/or
8 misleading statements and/or failed to disclose that: (1) the Company improperly
9 recognized revenues related to its warranty and software maintenance contracts; (2) The
10 Company's Chief Executive Officer "CEO" misstated his academic credentials and
11 employment history; (3) the Company lacked adequate internal and financial controls;
12 and (4) as a result of the foregoing, the Company's statements were materially false and
13 misleading at all relevant times.
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17 4. On March 19, 2013, Ixia announced that it had filed a Form 12b-25 with the
18 SEC relating to the Company's Annual Report on Form 10-K for the year ended
19 December 31, 2012, and that the Company needed to delay the filing of its Annual
20 Report, "to correct an error related to the manner in which [Ixia] recognizes revenues for
21 its warranty and software maintenance contracts."
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24 5. On April 3, 2013, Ixia announced that after a further evaluation of the
25 Company's finances, and identifying an additional error in the Company's revenue
26 recognition practices that required correction, the Company's management
27 recommended to the audit committee of the Company that the Company restate
28

1 previously issued financial statements for the fiscal years ended December 31, 2011 and
2 2010, and the fiscal quarters ended March 31, 2011, June 30, 2011, September 30, 2011,
3 March 31, 2012, June 30, 2012, and September 30, 2012 (the, "Restated Periods"); and,
4 that the financial statements from the Restated Periods should no longer be relied upon.
5

6 6. On this news, the Company's shares declined \$1.94 per share, or over 9.5%,
7
8 to close on April 4, 2013, at \$18.37 per share.

9 7. On April 4, 2013, Ixia filed its Annual Report on Form 10-K with the SEC,
10 and issued a press release on April 8, 2013 stating in relevant part:
11

12 As part of the 2012 Form 10-K, Ixia has completed the
13 restatement of its previously issued consolidated financial
14 statements for the years ended December 31, 2010 and 2011, its
15 unaudited quarterly financial information for each of the
16 quarters and year-to-date periods in the year ended December
17 31, 2011 and in the nine months ended September 30, 2012,
18 and its selected financial data for the years ended December 31,
19 2008 and 2009. . . The restated consolidated financial
20 statements correct certain errors that existed in Ixia's previously
21 issued consolidated financial statements, principally related to
the manner in which the Company recognized revenues related
to its warranty and software maintenance contracts, including a
previous implied warranty and software maintenance
arrangement with one of the Company's customers.

22 8. On October 24, 2013, the Company disclosed "Vic Alston has resigned as
23
24 its President and CEO and as a member of its board of directors following a
25 determination by the Ixia audit committee that although he had attended Stanford
26 University, he had misstated his academic credentials, incorrectly claiming to have
27 received a B.S. and a M.S. in Computer Science, and had misstated his age and early
28

1 employment history.”

2 9. On this news, the Company’s shares declined \$0.78 per share, or nearly 5%,
3 to close on October 25, 2013, at \$14.94 per share.

4
5 10. As a result of Defendants' wrongful acts and omissions, and the precipitous
6 decline in the market value of the Company's shares, Plaintiff and other Class members
7 have suffered significant damages.

8
9 **JURISDICTION AND VENUE**

10 11. The claims asserted herein arise under and pursuant to Sections 10(b) and
11 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78t(a)) and Rule 10b-5 promulgated
12 thereunder (17 C.F.R. §240.10b-5).

13
14 12. This Court has jurisdiction over the subject matter of this action pursuant to
15 §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1331.

16
17 13. Venue is proper in this District pursuant to §27 of the Exchange Act, 15
18 U.S.C. §78aa and 28 U.S.C. §1391(b) as Ixia’s headquarters are located in this district,
19 and the acts, conduct and other wrongs alleged in this Complaint occurred in this
20 District.

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

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2 15. Plaintiff [REDACTED] as set forth in the attached certification, purchased
3 Ixia shares at artificially inflated prices during the Class Period and has been damaged
4 thereby.
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6 16. Defendant Ixia was incorporated in California in 1997, and is headquartered
7 in Calabasas, California.
8

9 17. Defendant Victor Alston (“Alston”) formerly served as the Company’s
10 President and CEO, assuming that role in May 2012 until his resignation on October 24,
11 2013. Prior to May 2012, Alston served as the Company’s COO as well as Senior Vice
12 President of Product Development.
13

14 18. Defendant Atul Bhatnagar (“Bhatnagar”) served as President and CEO of
15 Ixia from March 2008 until May 2012.
16

17 19. Defendant Thomas B. Miller (“Miller”) currently serves as Ixia’s CFO, and
18 has served the Company in this role since March 2000.
19

20 20. Defendant Errol Ginsberg (“Ginsberg”) currently serves as Ixia’s Chairman
21 and Chief Innovation Officer, Ginsberg has held this position since March 2008.
22

23 21. The defendants referenced above in ¶¶ 17- 20 are sometimes referred to
24 herein as the “Individual Defendants.”
25

SUBSTANTIVE ALLEGATIONS

Background

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28 22. Ixia delivers information technology solutions to a wide variety of

1 organizations, through real-time monitoring, real-world testing, and rapid assessment of
2 networks and systems. The Company's tools are used to provide "end-to-end visibility"
3 and complete understanding into user behavior, security vulnerabilities, network
4 capacity, application performance, and IT resiliency.
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6 **Materially False and Misleading**
7 **Statements Issued During the Class Period**

8 23. On April 29, 2010, the Company issued a press release disclosing its
9 financial results for the third quarter of 2010, and announced in the headline, "Ixia
10 Announces Record Revenue of \$70.9 million for the Third Quarter 2010." The
11 Company reported that total revenue for the 2010 third quarter was a record \$70.9
12 million, an increase of 53 percent over the \$46.4 million reported for the 2009 third
13 quarter and an increase of 7 percent over the \$66.1 million reported in the immediately
14 preceding quarter.
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18 24. On February 3, 2011, the Company issued a press release disclosing its
19 financial results for the fourth quarter and year ended December 31, 2010. In its press
20 release announcing financial results, the Company included the headline, "Ixia
21 Announces Record Revenue for Fourth Quarter and Fiscal Year 2010," and reported that
22 total revenue for the 2010 third quarter was a record \$70.9 million, an increase of 53
23 percent over the \$46.4 million reported for the 2009 third quarter and an increase of 7
24 percent over the \$66.1 million reported in the immediately preceding quarter. The
25 Company also reported net income for the 2010 third quarter of \$4.9 million, or \$0.07
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1 per diluted share, compared with a net loss of \$6.2 million, or \$0.10 per share, for the
2 2009 third quarter.

3 25. On April 21, 2011, the Company issued a press release disclosing its
4 financial results for the quarter ended March 31, 2011, announcing in the headline, “26
5 Percent Year-Over-Year Revenue Growth”. The Company reported that total revenue for
6 the 2011 first quarter grew to a record \$78.5 million, an increase of 26 percent compared
7 with \$62.0 million reported for the 2010 first quarter and up \$0.7 million compared with
8 \$77.8 million reported in the immediately preceding quarter. Ixia further reported net
9 income for the 2011 first quarter of \$7.1 million, or \$0.10 per diluted share, compared
10 with net income of \$0.9 million, or \$0.01 per diluted share, for the 2010 first quarter.
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14 26. On July 21, 2011, the Company reported its financial results for the second
15 quarter ended June 30, 2011. The Company announced that total revenue for the 2011
16 second quarter was \$69.0 million, compared with \$66.1 million reported for the 2010
17 second quarter and \$78.5 million reported for the first quarter of 2011, and net income
18 for the 2011 second quarter of \$0.5 million, or \$0.01 per diluted share, compared with a
19 net loss of \$0.4 million, or \$0.01 per share, for the 2010 second quarter.
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23 27. On October 20, 2011, the Company reported its financial results for the
24 third quarter ended September 30, 2011. The Company announced that total revenue for
25 the 2011 third quarter was \$77.3 million, compared with \$70.9 million reported for the
26 2010 third quarter and \$69.0 million reported for the 2011 second quarter, and net
27 income for the 2011 third quarter of \$6.4 million, or \$0.09 per diluted share, compared
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1 with net income of \$4.9 million, or \$0.07 per diluted share, for the 2010 third quarter.
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4 28. On February 2, 2012, the Company reported its financial results for the
5 fourth quarter and year ended December 31, 2011. Ixia announced that total revenue for
6 the 2011 fourth quarter was a record \$83.7 million, compared with \$77.8 million
7 reported for the 2010 fourth quarter and \$77.3 million reported for the 2011 third
8 quarter. The Company further reported that total revenue for the fiscal year 2011 was
9 \$308.4 million, an increase of 11 percent compared with \$276.8 million reported for
10 fiscal year 2010, and also reported net income for the 2011 fourth quarter of \$8.9
11 million, or \$0.12 per diluted share, compared with net income of \$5.8 million, or \$0.08
12 per diluted share, for the 2010 fourth quarter.
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16 29. Commenting on the Company's performance in Ixia's press release
17 announcing fourth quarter and year ended December 31, 2011 results, then-CEO
18 Bhatnagar stated, "[r]ecord revenue and bookings led a strong fourth quarter and finish
19 to 2011."
20

21 30. On April 19, 2012, the Company issued a press release announcing its
22 financial results for the first quarter ended March 31, 2012. The Company announced
23 that total revenue for the 2012 first quarter was \$85.6 million, compared with \$78.5
24 million reported for the 2011 first quarter and \$83.7 million reported for the 2011 fourth
25 quarter, and net income for the 2012 first quarter of \$4.4 million, or \$0.06 per diluted
26 share, compared with net income of \$7.1 million, or \$0.10 per diluted share, for the 2011
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1 first quarter.

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4 31. On July 26, 2012, the Company issued a press release disclosing its
5 financial results for the second quarter ended June 30, 2012, announcing in the headline,
6 “[Ixia] Achieves Record Revenue of 92.3 Million.” The Company announced that total
7 revenue for the 2012 second quarter was \$92.3 million, compared with \$69.0 million
8 reported for the 2011 second quarter and \$85.6 million reported for the 2012 first
9 quarter, and net income for the 2012 second quarter of \$26.9 million, or \$0.33 per
10 diluted share, compared with net income of \$0.5 million, or \$0.01 per diluted share, for
11 the 2011 second quarter.
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15 32. On October 24, 2012, the Company issued a press release announcing its
16 financial results for the third quarter ended September 30, 2012. The Company
17 announced that total revenue for the 2012 third quarter was \$109.6 million, compared
18 with \$77.3 million reported for the 2011 third quarter and \$92.3 million reported for the
19 2012 second quarter, and net income for the 2012 third quarter of \$11.4 million, or \$0.15
20 per diluted share, compared with net income of \$6.4 million, or \$0.09 per diluted share,
21 for the 2011 third quarter.
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25 33. On February 6, 2013, the Company issued a press release reporting its
26 financial results for the fourth quarter and year ended December 31, 2012. The Company
27 announced that total revenue for the 2012 fourth quarter was a *record* \$124.1 million,
28 compared with \$83.7 million reported for the 2011 fourth quarter and \$109.6 million

1 reported for the 2012 third quarter, and net income for the 2012 fourth quarter of \$4.6
2 million, or \$0.06 per diluted share, compared with net income of \$9.8 million, or \$0.14
3 per diluted share, for the 2011 fourth quarter.
4

5 34. The statements referenced in ¶¶ 23 - 33 above were materially false
6 and/or misleading because they misrepresented and failed to disclose the following
7 adverse facts, which were known to defendants or recklessly disregarded by them,
8 including that: (1) the Company improperly recognized revenues related to its warranty
9 and software maintenance contracts; (2) The Company's Chief Executive Officer
10 "CEO" misstated his academic credentials and employment history; (3) the Company
11 lacked adequate internal and financial controls; and (4) as a result of the foregoing, the
12 Company's statements were materially false and misleading at all relevant times.
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16 **THE TRUTH EMERGES**

17 35. On March 19, 2013, the truth began to emerge that Ixia's revenues were not
18 as grand and record breaking as the Company repeatedly emphasized in its disclosures to
19 investors. Ixia announced that it had filed a Form 12b-25 with the SEC relating to the
20 Company's Annual Report on Form 10-K for the year ended December 31, 2012, and
21 that the Company needed to delay the filing of its Annual Report, "to correct an error
22 related to the manner in which [Ixia] recognizes revenues for its warranty and software
23 maintenance contracts."
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27 36. Then on April 3, 2013, Ixia announced that after a further evaluation of the
28 Company's finances, and identifying an additional error in the Company's revenue

1 recognition practices that required correction, the Company's management
2 recommended to the audit committee of the Company that the Company restate
3 previously issued financial statements for the fiscal years ended December 31, 2011 and
4 2010, and the fiscal quarters ended March 31, 2011, June 30, 2011, September 30, 2011,
5 March 31, 2012, June 30, 2012, and September 30, 2012 (the, "Restated Periods"); and,
6 that the financial statements from the Restated Periods should no longer be relied upon.
7
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9 37. On this news, the Company's shares declined \$1.94 per share, or over
10 9.5%, to close on April 4, 2013, at \$18.37 per share.
11

12 38. On April 8, 2013, the Company issued a press release announcing the filing
13 of its restated financial statements. The press release stated the following in relevant
14 part:
15

16 As part of the 2012 Form 10-K, Ixia has completed the
17 restatement of its previously issued consolidated financial
18 statements for the years ended December 31, 2010 and 2011, its
19 unaudited quarterly financial information for each of the
20 quarters and year-to-date periods in the year ended December
21 31, 2011 and in the nine months ended September 30, 2012,
22 and its selected financial data for the years ended December 31,
23 2008 and 2009. With the filing of its 2012 Form 10-K, Ixia is
24 now current in its filings of periodic reports with the
25 Commission.

26 The restated consolidated financial statements correct certain
27 errors that existed in Ixia's previously issued consolidated
28 financial statements, principally related to the manner in which
the Company recognized revenues related to its warranty and
software maintenance contracts, including a previous implied
warranty and software maintenance arrangement with one of
the Company's customers. The related changes in the
Company's revenue recognition practices will generally result

1 in a shift of revenues between accounting periods in our
2 previously issued financial statements. The changes will not
3 have any impact on the total revenues recognized over the life
4 of a warranty and software maintenance contract or
5 arrangement, although the timing of the recognition of such
6 revenues will generally commence earlier and end earlier than
7 was reflected in our previously issued financial statements for
8 the restated periods. While the Company has made certain
9 restatement adjustments that affect revenues, operating results,
10 and deferred revenues for each of the restated periods, the
11 restatement adjustments do not affect the total revenues
12 ultimately earned or to be earned, or the amount or timing of
13 cash received or to be received, from individual sales
14 transactions. Accordingly, the restatement adjustments do not
15 affect the Company's liquidity or overall cash flow for any prior
16 period.

17 39. On April 30, 2013, the Company issued a press release announcing its
18 financial results for the first quarter ended March 31, 2013. The Company announced
19 that total revenue for the 2013 first quarter was \$122.76 million, compared with \$86.73
20 million reported for the 2012 first quarter, and net income for the 2013 first quarter of
21 \$8.1 million, or \$0.11 per diluted share, compared with net income of \$5.2 million, or
22 \$0.07 per diluted share, for the 2012 first quarter.

23 40. On July 8, 2013, the Company issued a press release announcing certain
24 preliminary financial results for the second quarter ended June 30, 2013. The press
25 release stated the following in relevant part:

26 Total revenue for the second quarter of 2013 is expected to be
27 in the range of \$114 million to \$116 million, below the
28 company's previous guidance of \$119 million to \$122 million.
Revenue from Ixia's 2012 acquisitions, Anue Systems, Inc.
("Anue") and BreakingPoint Systems, Inc. ("BreakingPoint"), is

1 expected to be at the high end of the previously given range of
2 \$28 million to \$32 million.

3 "We are disappointed with our topline performance this quarter,
4 which was impacted by several factors, including lower than
5 expected revenue from network equipment manufacturers and
6 certain service providers as customers extended review cycles
7 and certain large deals that were pushed into future quarters,"
8 said Vic Alston, president and CEO of Ixia.

9 "We did, however, see several positive trends in the quarter.
10 Sales to our two largest customers, AT&T and Cisco, were
11 strong and in line with expectations, and our overall book-to-
12 bill ratio was in excess of one. Additionally, the performance of
13 our 2012 acquisitions, Anue and BreakingPoint, was very
14 encouraging and revenue is expected to register at the high end
15 of our expectations for the second quarter. These indicators give
16 us confidence that our competitive position remains strong
17 although we remain cautious about the near-term spending
18 environment," continued Alston.

19 41. On this news, the Company's shares declined \$3.44 per share, or over 19%,
20 to close on July 9, 2013, at \$14.30 per share.

21 42. On July 30, 2013, the Company issued a press release announcing its
22 financial results for the second quarter ended June 30, 2013. The Company announced
23 that total revenue for the 2013 second quarter was \$87.8 million, compared with \$73.3
24 million reported for the 2012 second quarter, and net income for the 2013 second quarter
25 of \$3.7 million, or \$0.05 per diluted share, compared with net income of \$25.7 million,
26 or \$0.32 per diluted share, for the 2012 second quarter.

27 43. On October 24, 2013, after the market closed, the Company disclosed that
28 Defendant Alston "has resigned as its President and CEO and as a member of its board

1 of directors following a determination by the Ixia audit committee that although he had
2 attended Stanford University, he had misstated his academic credentials, incorrectly
3 claiming to have received a B.S. and a M.S. in Computer Science, and had misstated his
4 age and early employment history.”

6 44. On this news, the Company’s shares declined \$0.78 per share, or
7 nearly 5%, to close on October 25, 2013, at \$14.94 per share.

9 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

10 45. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
11 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or
12 otherwise acquired Ixia securities during the Class Period (the “Class”); and were
13 damaged thereby. Excluded from the Class are defendants herein, the officers and
14 directors of the Company, at all relevant times, members of their immediate families and
15 their legal representatives, heirs, successors or assigns and any entity in which
16 defendants have or had a controlling interest.

17 46. The members of the Class are so numerous that joinder of all members is
18 impracticable. Throughout the Class Period, Ixia shares were actively traded on the
19 Nasdaq. While the exact number of Class members is unknown to Plaintiff at this time
20 and can be ascertained only through appropriate discovery, Plaintiff believes that there
21 are hundreds or thousands of members in the proposed Class. Record owners and other
22 members of the Class may be identified from records maintained by Ixia or its transfer
23 agent and may be notified of the pendency of this action by mail, using the form of

1 notice similar to that customarily used in securities class actions.

2 47. Plaintiff's claims are typical of the claims of the members of the Class as all
3 members of the Class are similarly affected by defendants' wrongful conduct in violation
4 of federal law that is complained of herein.
5

6 48. Plaintiff will fairly and adequately protect the interests of the members of
7 the Class and has retained counsel competent and experienced in class and securities
8 litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.
9

10 49. Common questions of law and fact exist as to all members of the Class and
11 predominate over any questions solely affecting individual members of the Class.
12

13 Among the questions of law and fact common to the Class are:

- 14 • whether the federal securities laws were violated by defendants' acts as
15 alleged herein;
- 16 • whether statements made by defendants to the investing public during
17 the Class Period misrepresented material facts about the business,
18 operations and management of Ixia;
- 19 • whether the Individual Defendants caused Ixia to issue false and
20 misleading financial statements during the Class Period;
- 21 • whether defendants acted knowingly or recklessly in issuing false and
22 misleading financial statements;
- 23 • whether the prices of Ixia shares during the Class Period were artificially
24 inflated because of the defendants' conduct complained of herein; and
- 25 • whether the members of the Class have sustained damages and, if so,
26 what is the proper measure of damages.

27 50. A class action is superior to all other available methods for the fair and
28 efficient adjudication of this controversy since joinder of all members is impracticable.

1 Furthermore, as the damages suffered by individual Class members may be relatively
2 small, the expense and burden of individual litigation make it impossible for members of
3 the Class to individually redress the wrongs done to them. There will be no difficulty in
4 the management of this action as a class action.
5

6 51. Plaintiff will rely, in part, upon the presumption of reliance established by
7 the fraud-on-the-market doctrine in that:
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- 9 • defendants made public misrepresentations or failed to disclose material
10 facts during the Class Period;
- 11 • the omissions and misrepresentations were material;
- 12 • Ixia shares are traded in efficient markets;
- 13 • the Company's shares were liquid and traded with moderate to heavy
14 volume during the Class Period;
- 15 • the Company traded on the Nasdaq, and was covered by multiple
16 analysts;
- 17 • the misrepresentations and omissions alleged would tend to induce a
18 reasonable investor to misjudge the value of the Company's shares; and
19 • Plaintiff and members of the Class purchased and/or sold Ixia shares
20 between the time the defendants failed to disclose or misrepresented
21 material facts and the time the true facts were disclosed, without
22 knowledge of the omitted or misrepresented facts.

23 52. Based upon the foregoing, Plaintiff and the members of the Class are
24 entitled to a presumption of reliance upon the integrity of the market.
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COUNT I

**(Against All Defendants For Violations of
Section 10(b) And Rule 10b-5 Promulgated Thereunder)**

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4 53. Plaintiff repeats and realleges each and every allegation contained above as
5 if fully set forth herein.
6

7 54. This Count is asserted against defendants and is based upon Section 10(b)
8 of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the
9 SEC.
10

11 55. During the Class Period, defendants engaged in a plan, scheme, conspiracy
12 and course of conduct, pursuant to which they knowingly or recklessly engaged in acts,
13 transactions, practices and courses of business which operated as a fraud and deceit upon
14 Plaintiff and the other members of the Class; made various untrue statements of material
15 facts and omitted to state material facts necessary in order to make the statements made,
16 in light of the circumstances under which they were made, not misleading; and employed
17 devices, schemes and artifices to defraud in connection with the purchase and sale of
18 shares. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive
19 the investing public, including Plaintiff and other Class members, as alleged herein;
20 (ii) artificially inflate and maintain the market price of Ixia shares; and (iii) cause
21 Plaintiff and other members of the Class to purchase Ixia shares and options at
22 artificially inflated prices. In furtherance of this unlawful scheme, plan and course of
23 conduct, defendants, and each of them, took the actions set forth herein.
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1 56. Pursuant to the above plan, scheme, conspiracy and course of conduct, each
2 of the defendants participated directly or indirectly in the preparation and/or issuance of
3 the quarterly and annual reports, SEC filings, press releases and other statements and
4 documents described above, including statements made to securities analysts and the
5 media that were designed to influence the market for Ixia shares. Such reports, filings,
6 releases and statements were materially false and misleading in that they failed to
7 disclose material adverse information and misrepresented the truth about Ixia's finances
8 and business prospects.
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11 57. By virtue of their positions at Ixia, the defendants had actual knowledge of
12 the materially false and misleading statements and material omissions alleged herein and
13 intended thereby to deceive Plaintiff and the other members of the Class, or, in the
14 alternative, the defendants acted with reckless disregard for the truth in that they failed or
15 refused to ascertain and disclose such facts as would reveal the materially false and
16 misleading nature of the statements made, although such facts were readily available to
17 defendants. Said acts and omissions of defendants were committed willfully or with
18 reckless disregard for the truth. In addition, each defendant knew or recklessly
19 disregarded that material facts were being misrepresented or omitted as described above.
20
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22 58. Information showing that defendants acted knowingly or with reckless
23 disregard for the truth is peculiarly within defendants' knowledge and control. As the
24 senior managers and/or directors of Ixia, the Individual Defendants had knowledge of the
25 details of Ixia internal affairs.
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1 59. The Individual Defendants are liable both directly and indirectly for the
2 wrongs complained of herein. Because of their positions of control and authority, the
3 Individual Defendants were able to and did, directly or indirectly, control the content of
4 the statements of Ixia. As officers and/or directors of a publicly-held company, the
5 Individual Defendants had a duty to disseminate timely, accurate, and truthful
6 information with respect to Ixia's businesses, operations, future financial condition and
7 future prospects. As a result of the dissemination of the aforementioned false and
8 misleading reports, releases and public statements, the market price of Ixia shares was
9 artificially inflated throughout the Class Period. In ignorance of the adverse facts
10 concerning Ixia's business and financial condition which were concealed by defendants,
11 Plaintiff and the other members of the Class purchased Ixia shares at artificially inflated
12 prices and relied upon the price of the shares, the integrity of the market for the shares
13 and/or upon statements disseminated by defendants, and were damaged thereby.

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19 60. During the Class Period, Ixia shares were traded on an active and efficient
20 market. Plaintiff and the other members of the Class, relying on the materially false and
21 misleading statements described herein, which the defendants made, issued or caused to
22 be disseminated, or relying upon the integrity of the market, purchased shares of Ixia
23 shares at prices artificially inflated by defendants' wrongful conduct. Had Plaintiff and
24 the other members of the Class known the truth, they would not have purchased said
25 shares, or would not have purchased them at the inflated prices that were paid. At the
26 time of the purchases by Plaintiff and the Class, the true value of Ixia shares was

1 substantially lower than the prices paid by Plaintiff and the other members of the Class.
2 The market price of Ixia shares declined sharply upon public disclosure of the facts
3 alleged herein to the injury of Plaintiff and Class members.
4

5 61. By reason of the conduct alleged herein, defendants knowingly or
6 recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and
7 Rule 10b-5 promulgated thereunder.
8

9 62. As a direct and proximate result of defendants' wrongful conduct, Plaintiff
10 and the other members of the Class suffered damages in connection with their respective
11 purchases and sales of the Company's shares during the Class Period, upon the
12 disclosure that the Company had been disseminating misrepresented financial statements
13 to the investing public.
14
15

16 COUNT II

17 18 **(Violations of Section 20(a) of the** 19 **Exchange Act Against The Individual Defendants)**

20 63. Plaintiff repeats and realleges each and every allegation contained in the
21 foregoing paragraphs as if fully set forth herein.
22

23 64. During the Class Period, the Individual Defendants participated in the
24 operation and management of Ixia, and conducted and participated, directly and
25 indirectly, in the conduct of Ixia's business affairs. Because of their senior positions,
26 they knew the adverse non-public information about Ixia's misstatement of income and
27 expenses and false financial statements.
28

1 65. As officers and/or directors of a publicly owned company, the Individual
2 Defendants had a duty to disseminate accurate and truthful information with respect to
3 Ixia's financial condition and results of operations, and to correct promptly any public
4 statements issued by Ixia which had become materially false or misleading.
5

6 66. Because of their positions of control and authority as senior officers, the
7 Individual Defendants were able to, and did, control the contents of the various reports,
8 press releases and public filings which Ixia disseminated in the marketplace during the
9 Class Period concerning Ixia's results of operations. Throughout the Class Period, the
10 Individual Defendants exercised their power and authority to cause Ixia to engage in the
11 wrongful acts complained of herein. The Individual Defendants therefore, were
12 "controlling persons" of Ixia within the meaning of Section 20(a) of the Exchange Act.
13 In this capacity, they participated in the unlawful conduct alleged which artificially
14 inflated the market price of Ixia shares.
15
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19 67. Each of the Individual Defendants, therefore, acted as a controlling person
20 of Ixia. By reason of their senior management positions and/or being directors of Ixia,
21 each of the Individual Defendants had the power to direct the actions of, and exercised
22 the same to cause, Ixia to engage in the unlawful acts and conduct complained of herein.
23 Each of the Individual Defendants exercised control over the general operations of Ixia
24 and possessed the power to control the specific activities which comprise the primary
25 violations about which Plaintiff and the other members of the Class complain.
26
27
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68. By reason of the above conduct, the Individual Defendants are liable

1 pursuant to Section 20(a) of the Exchange Act for the violations committed by Ixia.

2 **PRAYER FOR RELIEF**

3 **WHEREFORE**, Plaintiff demands judgment against defendants as follows:

4 A. Determining that the instant action may be maintained as a class action
5 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the
6 Class representative;
7

8 B. Requiring defendants to pay damages sustained by Plaintiff and the Class
9 by reason of the acts and transactions alleged herein;
10

11 C. Awarding Plaintiff and the other members of the Class prejudgment and
12 post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other
13 costs; and
14

15 D. Awarding such other and further relief as this Court may deem just and
16 proper.
17

18 **DEMAND FOR TRIAL BY JURY**

19 Plaintiff hereby demands a trial by jury.

20 Dated: November 14, 2013
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