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**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA, PHOENIX**

____ Individually and on Behalf of All
Others Similarly Situated,

Plaintiff,

v.

EDGIO, INC. f/k/a LIMELIGHT
NETWORKS, INC., ROBERT LYONS
DANIEL BONCEL, and STEPHEN
CUMMING,

Defendants.

Case No. Draft

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

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all
2 others similarly situated, by and through his attorneys, alleges the following upon
3 information and belief, except as to those allegations concerning Plaintiff, which are alleged
4 upon personal knowledge. Plaintiff’s information and belief is based upon, among other
5 things, his counsel’s investigation, which includes without limitation: (a) review and
6 analysis of regulatory filings made by Edgio, Inc. f/k/a Limelight Networks, Inc. (“Edgio,”
7 “Limelight,” or the “Company”) with the United States (“U.S.”) Securities and Exchange
8 Commission (“SEC”); (b) review and analysis of press releases and media reports issued by
9 and disseminated by Edgio; and (c) review of other publicly available information
10 concerning Edgio.

11 **NATURE OF THE ACTION AND OVERVIEW**

12 1. This is a class action on behalf of persons and entities that purchased or
13 otherwise acquired Edgio securities between February 11, 2021 and March 13, 2023,
14 inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the
15 Securities Exchange Act of 1934 (the “Exchange Act”).

16 2. Edgio provides software solutions for companies. Edgio’s services include
17 digital content delivery, online video delivery, cloud security, edge computing, cloud
18 storage, and professional services. On June 16, 2022, the Company changed its name from
19 Limelight Networks, Inc. to Edgio, Inc.

20 3. On March 13, 2023, before the market opened, Edgio issued a press release
21 announcing that it will restate its previously issued financial statements for the years ended
22 December 31, 2021 and 2020, as well as the Quarterly Reports for 2022 and 2021 related to
23 the revenue recognition of its Open Edge Solution.

24 4. The press release also stated that the Company anticipated the restatements
25 would result in a “reduction to revenue of up to approximately \$23.0 million for the nine-
26 month period ended September 30, 2022, up to approximately \$16.7 million for the twelve-
27 month period ended December 31, 2021, and up to approximately \$6.6 million for the
28 twelve-month period ended December 31, 2020.”

1 commerce, including the United States mail, interstate telephone communications, and the
2 facilities of a national securities exchange.

3 **PARTIES**

4 12. Plaintiff _____, as set forth in the accompanying
5 certification, incorporated by reference herein, purchased Edgio securities during the Class
6 Period, and suffered damages as a result of the federal securities law violations and false
7 and/or misleading statements and/or material omissions alleged herein.

8 13. Defendant Edgio is incorporated under the laws of Delaware with its principal
9 executive offices located in Phoenix, Arizona. Edgio’s common stock trade on the
10 NASDAQ exchange under the symbol “EGIO.”

11 14. Defendant Robert Lyons (“Lyons”) was the Company’s Chief Executive
12 Officer (“CEO”) at all relevant times.

13 15. Defendant Daniel Boncel (“Boncel”) was the Company’s Chief Financial
14 Officer (“CFO”) between July 2020 and August 2022.

15 16. Defendant Stephen Cumming (“Cumming”) was the Company’s CFO after
16 August 2022.

17 17. Defendants Lyons, Boncel, and Cumming (collectively the “Individual
18 Defendants”), because of their positions with the Company, possessed the power and
19 authority to control the contents of the Company’s reports to the SEC, press releases and
20 presentations to securities analysts, money and portfolio managers and institutional
21 investors, i.e., the market. The Individual Defendants were provided with copies of the
22 Company’s reports and press releases alleged herein to be misleading prior to, or shortly
23 after, their issuance and had the ability and opportunity to prevent their issuance or cause
24 them to be corrected. Because of their positions and access to material non-public
25 information available to them, the Individual Defendants knew that the adverse facts
26 specified herein had not been disclosed to, and were being concealed from, the public, and
27 that the positive representations which were being made were then materially false and/or
28 misleading. The Individual Defendants are liable for the false statements pleaded herein.

1 **SUBSTANTIVE ALLEGATIONS**

2 **Background**

3 18. Edgio provides software solutions for companies. Edgio’s services include
4 digital content delivery, online video delivery, cloud security, edge computing, cloud
5 storage, and professional services. On June 16, 2022, the Company changed its name from
6 Limelight Networks, Inc. to Edgio, Inc.

7 **Materially False and Misleading**

8 **Statements Issued During the Class Period**

9 19. The Class Period begins on February 11, 2021.¹ On that day, the Company
10 issued a press release announcing its fourth quarter and full-year 2020 results. It contained
11 the following financial results for full-year 2020:

12 ***For the full year ended December 31, 2020, Limelight reported revenue of***
13 ***\$230.2 million, a 15% increase from \$200.6 million in 2019.***

14 The company’s 2020 GAAP net loss was \$(19.3) million, or \$(0.16) per basic
15 share, versus a net loss of \$(16.0) million, or \$(0.14) per basic share, in 2019.
16 The 2020 GAAP net loss included \$3.8 million of interest expense related to
17 Limelight’s senior convertible notes noted above.

18 Non-GAAP net loss was \$(1.6) million, or \$(0.01) per basic share, for the year
19 ended December 31, 2020, compared to non-GAAP net loss of \$(2.3) million,
20 or \$(0.02) per basic share, in 2019.

21 Limelight reported adjusted EBITDA of \$24.5 million for 2020, compared to
22 \$18.1 million in 2019.

23 20. On February 12, 2021, the Company filed its Form 10-K with the SEC for the
24 year ended December 31, 2021 (the “2020 10-K”). It stated that the Company’s “disclosure
25 controls and procedures were effective as of December 31, 2021.”

26 21. On April 29, 2021, the Company issued a press release announcing its first
27 quarter 2021 results. It contained the following financial highlights:

- 28 • ***Revenue of \$51.2 million***, down 10 percent, compared to \$57.0 million
in the first quarter of 2020.
- GAAP net loss of \$25.5 million, or \$(0.21) per basic share, compared
to a net loss of \$5.3 million, or \$(0.04) per basic share in the first quarter

¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added.

1 of 2020. GAAP net loss included \$11.7 million in restructuring and
2 transition related charges

- 3 • Non-GAAP net loss was \$11.0 million or \$(0.09) per basic share,
4 compared to a non-GAAP net loss of \$0.2 million, or break-even per
5 basic share in the first quarter of 2020.
- 6 • EBITDA was \$(17.6) million, compared to \$0.5 million for the first
7 quarter of 2020.
- 8 • Adjusted EBITDA was \$(3.3) million, compared to \$5.6 million for the
9 first quarter of 2020.
- 10 • Limelight ended the first quarter with 510 employees and employee
11 equivalents, down from 618 at the end of the fourth quarter of 2020,
12 and down from 616 at the end of the first quarter of 2020.

13 22. On April 30, 2021, the Company filed its Form 10-Q with the SEC for the
14 quarter ended March 31, 2021 (the “1Q21 10-Q”). The Company reaffirmed that its
15 “disclosure controls and procedures were effective at the reasonable assurance level.”

16 23. On July 29, 2021, the Company issued a press release announcing its second
17 quarter 2021 results. It contained the following financial highlights:

- 18 • **Revenue of \$48.3 million**, down 6% compared to \$51.2 million in the
19 first quarter of 2021, and down 17% compared to \$58.5 million in the
20 second quarter of 2020.
- 21 • GAAP net loss of \$13.7 million, or \$(0.11) per basic share, an
22 improvement of \$11.8 million from the net loss of \$25.5 million, or
23 \$(0.21) per basic share, in the first quarter of 2021. GAAP net loss was
24 \$1.7 million, or \$(0.01) per basic share in the second quarter of 2020.
25 GAAP net loss included \$2.2 million and \$11.7 million in restructuring
26 and transition related charges in the second and first quarters of 2021,
27 respectively.
- 28 • Non-GAAP net loss was \$8.0 million, or \$(0.06) per basic share, an
improvement of \$3.0 million from the net loss of 11.0 million, or (0.09)
per basic share, in the first quarter of 2021. Non-GAAP net income was
\$3.5 million, or \$0.03 per basic share in the second quarter of 2020.
- EBITDA was \$(5.3) million, an improvement of \$12.3 million from
\$(17.6) million for the first quarter of 2021. EBITDA was \$4.5 million
for the second quarter of 2020.
- Adjusted EBITDA was \$0.2 million, an improvement of \$3.5 million
from \$(3.3) million for the first quarter of 2021. Adjusted EBITDA was
\$9.7 million for the second quarter of 2020.
- Cash and cash equivalents of \$119.6 million increased \$2.6 million
from \$117.0 million at the end of the first quarter 2021.

1 • Limelight ended the second quarter of 2021 with 459 employees and
2 employee equivalents, down from 510 at the end of the first quarter of
2021, and down from 627 at the end of the second quarter of 2020.

3 24. On August 2, 2021, the Company filed its Form 10-Q with the SEC for the
4 quarter ended June 30, 2021 (the “2Q21 10-Q”). The Company reaffirmed that its
5 “disclosure controls and procedures were effective at the reasonable assurance level.”

6 25. On November 4, 2021, the Company issued a press release announcing its
7 third quarter 2021 results. It contained the following financial highlights:

8 • **Revenue of \$55.2 million**, up 14% from the second quarter of 2021 and
9 down 7% compared to the third quarter of 2020.

10 • GAAP net loss of \$10.1 million, or \$(0.08) per basic share, an
11 improvement of \$3.6 million from the net loss of \$13.7 million, or
12 \$(0.11) per basic share, in the second quarter of 2021. GAAP net loss
13 was \$4.0 million, or \$(0.03) per basic share in the third quarter of 2020.
14 GAAP net loss included \$1.8 million and \$2.2 million in restructuring
15 and transition related charges in the third and second quarters of 2021,
16 respectively.

17 • Non-GAAP net loss was \$1.5 million, or \$(0.01) per basic share, an
18 improvement of \$6.5 million from the Non-GAAP net loss of 8.0
19 million, or \$(0.06) per basic share, in the second quarter of 2021. Non-
20 GAAP net loss was \$1.2 million, or \$(0.01) per basic share in the third
21 quarter of 2020.

22 • EBITDA was \$(2.0) million, an improvement of \$3.3 million from
23 \$(5.3) million for the second quarter of 2021. EBITDA was \$3.7
24 million for the third quarter of 2020.

25 • Adjusted EBITDA was \$6.1 million, an improvement of \$5.9 million
26 from \$0.2 million for the second quarter of 2021. Adjusted EBITDA
27 was \$5.6 million for the third quarter of 2020.

28 • Cash and cash equivalents total \$75.8 million at the end of the third
quarter 2021.

• Limelight ended the third quarter of 2021 with 529 employees and
employee equivalents, up from 459 at the end of the second quarter of
2021, and down from 620 at the end of the third quarter of 2020.
Employee count as of the third quarter includes 55 Layer0 employees.

26. On November 5, 2021, the Company filed its Form 10-Q with the SEC for the
quarter ended September 30, 2021 (the “3Q21 10-Q”). The Company reaffirmed that its
“disclosure controls and procedures were effective at the reasonable assurance level.”

1 27. On January 20, 2022, the Company issued a press release announcing its
2 fourth quarter and full-year 2021 results. It contained the following financial highlights for
3 the fourth quarter 2021:

- 4 • **Revenue of \$62.9 million**, up 14% from the third quarter of 2021 and
5 compared to the fourth quarter of 2020.
- 6 • GAAP net loss of \$7.7 million, or \$(0.06) per basic share, an
7 improvement of \$2.4 million from the net loss of \$10.1 million, or
8 \$(0.08) per basic share, in the third quarter of 2021. GAAP net loss was
9 \$8.3 million, or \$(0.07) per basic share in the fourth quarter of 2020. GAAP net loss included \$2.6 million in restructuring and transition
10 related charges in the fourth quarter and \$1.8 million in the third quarter
11 of 2021, respectively.
- 12 • Non-GAAP net income was \$2.4 million, or \$0.02 per basic share, an
13 improvement of \$3.9 million from the Non-GAAP net loss of 1.5
14 million, or \$(0.01) per basic share, in the third quarter of 2021. Non-
15 GAAP net loss was \$3.8 million, or \$(0.03) per basic share in the fourth
16 quarter of 2020.
- 17 • Adjusted EBITDA was \$9.7 million, an improvement of \$3.6 million
18 from \$6.1 million for the third quarter of 2021. Adjusted EBITDA was
19 \$3.6 million for the fourth quarter of 2020.
- 20 • EBITDA was \$0.5 million, an improvement of \$2.5 million from \$(2.0)
21 million for the third quarter of 2021. EBITDA was breakeven for the
22 fourth quarter of 2020.
- 23 • Cash, cash equivalents and marketable securities total \$79.3 million at
24 the end of the fourth quarter 2021.
- 25 • Limelight ended the fourth quarter of 2021 with 552 employees and
26 employee equivalents, up from 529 at the end of the third quarter of
27 2021, and down from 618 at the end of the fourth quarter of 2020.

28 28. On February 17, 2022, the Company filed its annual report on Form 10-K for
the year ended December 31, 2021 (the “2021 10-K”). The 2021 10-K affirmed that the
Company’s “disclosure controls and procedures were effective as of December 31, 2021.”

29 29. On April 28, 2022, the Company issued a press release announcing its first
quarter 2022 results. It contained the following financial highlights:

- 30 • **Revenue of \$58.0 million**, up 13% from the first quarter of 2021.
- 31 • GAAP net loss of \$19.2 million, or \$(0.14) per basic share, an
32 improvement of \$6.3 million from the net loss of \$25.5 million, or
33 \$(0.21) per basic share, in the first quarter of 2021. GAAP net loss
34 included \$5.1 million in acquisition and legal related charges in the first

1 quarter of 2022 and restructuring and transition related charges of \$11.7
2 million in the first quarter of 2021.

- 3 • Non-GAAP net loss was \$5.4 million, or \$(0.04) per basic share, an
4 improvement of \$5.6 million from the Non-GAAP net loss of \$11.0
5 million, or \$(0.09) per basic share, in the first quarter of 2021.
- 6 • Adjusted EBITDA was \$2.0 million, an improvement of \$5.2 million
7 from a loss of \$3.3 million in the first quarter of 2021.
- 8 • EBITDA was \$(10.9) million, an improvement of \$6.7 million from
9 \$(17.6) million for the first quarter of 2021.
- 10 • Cash, cash equivalents and marketable securities total \$61.9 million at
11 the end of the first quarter 2022.
- 12 • Limelight ended the first quarter of 2022 with 556 employees and
13 employee equivalents, up from 552 at the end of the fourth quarter of
14 2021, and from 510 at the end of the first quarter of 2021.

15 30. On April 29, 2022, the Company filed its Form 10-Q with the SEC for the
16 quarter ended March 31, 2022 (the “1Q22 10-Q”). The Company reaffirmed that its
17 “disclosure controls and procedures were effective at the reasonable assurance level.”

18 31. On August 8, 2022, the Company issued a press release announcing its second
19 quarter 2022 results. It contained the following financial highlights:

20 **Revenue of \$74.3 million**, an expansion of 54% from the previous year:

- 21 • Limelight contributed \$61.5 million, a 27% year over year expansion,
22 resulting from core business growth and the addition of Layer0
23 revenue.
- 24 • Edgio had its third consecutive quarter of double-digit growth, a clear
25 indication of the company’s ability to capture market share.
- 26 • Edgecast contributed \$12.8 million in the quarter.

27 Gross margin was 30%, up 1050 basis points year over year:

- 28 • A large in-quarter capacity acquisition and the integration of Edgecast’s
excess network capacity had a temporary negative impact.
- New capacity will support planned Q3 and Q4 increased demand
resulting from new content, Thursday Night Football and a large
software client committing to double their traffic.
- Online capacity adequately mitigates previously highlighted supply
chain concerns.

1 32. On August 9, 2022, the Company filed its Form 10-Q with the SEC for the
2 quarter ended June 30, 2022 (the “2Q22 10-Q”). The Company reaffirmed that its
3 “disclosure controls and procedures were effective at the reasonable assurance level.”

4 33. On November 9, 2022, the Company issued a press release announcing its
5 third quarter 2022 financial results. The press release contained the following financial
6 highlights:

7 Revenue

- 8 • ***Revenue of \$121.2 million***, an expansion of 119% from the previous
9 year, and 63% quarter over quarter.
10 • This includes the first full quarter of revenue from Edgecast.

11 Gross margin

- 12 • GAAP gross margin was 30.5%, up 180 basis points year over year and
13 40 basis points quarter over quarter.
14 • Sequential expansion in gross margin was primarily due to an increase
15 in capacity utilization and realization of synergies.

16 Operating expenses

- 17 • GAAP operating expenses, including share-based compensation of
18 \$8.4 million, restructuring charges of \$4.1 million and acquisition- and
19 legal-related expenses of \$7.9 million, were 63.4% of revenue versus
20 75.2% in the second quarter of 2022 due to the inclusion of a full
21 quarter of Edgecast.
22 • Sequentially, our total operating expenses increased primarily due to
23 headcount from Edgecast.

24 Adjusted EBITDA

- 25 • Adjusted EBITDA for the quarter was a loss of \$3.2 million, compared
26 to a loss of \$0.4 million in the second quarter of 2022, primarily due to
27 the increased operating expenses from Edgecast.

28 Capital Expenditure

- 29 • Capital Expenditure during the quarter was \$2.2 million, or 1.8% of
30 revenue and year-to-date was \$20.5 million or 8.1% of revenue.
31 • As a percent of revenue, capital expenditure was at a six-year low as a
32 result of existing excess capacity and higher revenue contribution from
33 software solutions that have lower capital requirements.

34 Cash, Cash Equivalents and Marketable Securities

- 1 • Cash, cash equivalents and marketable securities was \$70.8 million for
2 the third quarter ended September 30, 2022, compared to \$77.3 million
3 for the second quarter ended June 30, 2022 and \$79.3 million for the
4 fourth quarter ended December 31, 2021.
- Cash flow used in operations during the quarter was \$2.4 million and
year-to-date \$21.8 million.

5 34. On November 9, 2022, the Company filed its Form 10-Q with the SEC for the
6 quarter ended September 30, 2022 (the “3Q22 10-Q”). It affirmed that the Company’s
7 “disclosure controls and procedures were effective at the reasonable assurance level.”

8 35. The above statements identified in ¶¶ 19-34 were materially false and/or
9 misleading, and failed to disclose material adverse facts about the Company’s business,
10 operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that
11 there were material weaknesses in the Company’s internal controls over financial reporting;
12 (2) that there were errors in accounting the Company’s Open Edge Solution transactions; (3)
13 that, as a result, the Company’s financial results were inaccurate; (4) that the Company’s
14 financial results were lower than reported; and (5) that, as a result of the foregoing,
15 Defendant’s positive statements about the Company’s business, operations, and prospects
16 were materially misleading and/or lacked a reasonable basis.

17 **Disclosures at the End of the Class Period**

18 36. On March 13, 2023, before the market opened, Edgio issued a press release
19 disclosing that it will restate its previously issued financial statements for the years ended
20 December 31, 2021 and 2020, and Quarterly Reports for 2022 and 2021 related to the
21 revenue recognition of its Open Edge Solution.

22 37. The press release stated the following about the accounting errors related to
23 the Company’s Open Edge transactions:

24 **Adjustments to Open Edge Transactions**

25 ***The Company and the Audit Committee identified an error in the Company’s***
26 ***historic accounting treatment of Edgio’s Open Edge solution.*** Edgio’s Open
27 Edge solution is a fully managed content delivery network (“CDN”) service
28 that embeds Edgio’s content delivery platform directly into internet service
provider (“ISP”) clients’ networks (the “Impacted Transactions”). The
Impacted Transactions had a revenue sharing arrangement under which Edgio

1 and ISP clients shared revenue from the traffic that runs through a point of
2 presence (“PoP”) using Edgio’s content delivery platform.

3 Based on the Company’s review to-date of a sample of the Impacted
4 Transactions related to Edgio’s large customers, which remains ongoing, the
5 Company believes the sale of Open Edge equipment should be accounted for
6 as financing leases, in which (1) the up-front payments received from the
7 Company’s customers associated with the transaction are recognized as a
8 financing liability on the balance sheet, with the related equipment costs
9 remaining in fixed assets and depreciated over time, and (2) pursuant to lease
10 accounting, the revenue sharing payments made by Edgio to the customers
11 allocated between cost of sales and lease payments, as an offset on the balance
12 sheet against the lease liability. While the Company’s determination regarding
13 the revised accounting treatment for the Impacted Transactions is based on
14 management’s evaluation of a sample of the Impacted Transactions, the
15 Company has not yet completed its evaluation of all such transactions and
16 could reach a different determination as to the remaining transactions.

17 38. The press release also stated the following about the expected impact of the
18 accounting error:

19 The Company currently anticipates that the primary effects to correct this
20 accounting *may result in a reduction in revenues of up to approximately \$6.6*
21 *million for the 12-month period ended December 31, 2020, up to*
22 *approximately \$16.7 million for the 12-month period ended December 31,*
23 *2021, and up to approximately \$23.0 million for the nine-month period*
24 *ended September 30, 2022, with a corresponding costs of sales reduction and*
25 *impact to depreciation expenses and income taxes, as well as other*
26 *adjustments. This represents a reduction of 5.8% on a consolidated pro-forma*
27 *basis for the nine months ending September 30, 2022, and a reduction in*
28 *previously reported revenue of 7.7% in 2021 and 2.9% in 2020.*

39. The Company also revealed that it expects to disclose a material weakness in
the Company’s design and operation of effective internal controls over the accounting for
the Impacted Open Edge transactions.

40. On this news, the Company’s share price fell \$0.1597, or 15.5%%, to close at
\$0.8703 per share on March 13, 2023, thereby injuring investors.

CLASS ACTION ALLEGATIONS

41. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that
purchased or otherwise acquired Edgio securities between February 11, 2021 and March 13,
2023, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are
Defendants, the officers and directors of the Company, at all relevant times, members of

1 their immediate families and their legal representatives, heirs, successors, or assigns, and
2 any entity in which Defendants have or had a controlling interest.

3 42. The members of the Class are so numerous that joinder of all members is
4 impracticable. Throughout the Class Period, Edgio's shares actively traded on the
5 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time
6 and can only be ascertained through appropriate discovery, Plaintiff believes that there are
7 at least hundreds or thousands of members in the proposed Class. Millions of Edgio shares
8 were traded publicly during the Class Period on the NASDAQ. Record owners and other
9 members of the Class may be identified from records maintained by Edgio or its transfer
10 agent and may be notified of the pendency of this action by mail, using the form of notice
11 similar to that customarily used in securities class actions.

12 43. Plaintiff's claims are typical of the claims of the members of the Class as all
13 members of the Class are similarly affected by Defendants' wrongful conduct in violation
14 of federal law that is complained of herein.

15 44. Plaintiff will fairly and adequately protect the interests of the members of the
16 Class and has retained counsel competent and experienced in class and securities litigation.

17 45. Common questions of law and fact exist as to all members of the Class and
18 predominate over any questions solely affecting individual members of the Class. Among
19 the questions of law and fact common to the Class are:

20 (a) whether the federal securities laws were violated by Defendants' acts as
21 alleged herein;

22 (b) whether statements made by Defendants to the investing public during the
23 Class Period omitted and/or misrepresented material facts about the business, operations,
24 and prospects of Edgio; and

25 (c) to what extent the members of the Class have sustained damages and the
26 proper measure of damages.

27 46. 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 small,
2 the expense and burden of individual litigation makes it impossible for members of the Class
3 to individually redress the wrongs done to them. There will be no difficulty in the
4 management of this action as a class action.

5 **UNDISCLOSED ADVERSE FACTS**

6 47. The market for Edgio's securities was open, well-developed and efficient at
7 all relevant times. As a result of these materially false and/or misleading statements, and/or
8 failures to disclose, Edgio's securities traded at artificially inflated prices during the Class
9 Period. Plaintiff and other members of the Class purchased or otherwise acquired Edgio's
10 securities relying upon the integrity of the market price of the Company's securities and
11 market information relating to Edgio, and have been damaged thereby.

12 48. During the Class Period, Defendants materially misled the investing public,
13 thereby inflating the price of Edgio's securities, by publicly issuing false and/or misleading
14 statements and/or omitting to disclose material facts necessary to make Defendants'
15 statements, as set forth herein, not false and/or misleading. The statements and omissions
16 were materially false and/or misleading because they failed to disclose material adverse
17 information and/or misrepresented the truth about Edgio's business, operations, and
18 prospects as alleged herein.

19 49. At all relevant times, the material misrepresentations and omissions
20 particularized in this Complaint directly or proximately caused or were a substantial
21 contributing cause of the damages sustained by Plaintiff and other members of the Class.
22 As described herein, during the Class Period, Defendants made or caused to be made a series
23 of materially false and/or misleading statements about Edgio's financial well-being and
24 prospects. These material misstatements and/or omissions had the cause and effect of
25 creating in the market an unrealistically positive assessment of the Company and its financial
26 well-being and prospects, thus causing the Company's securities to be overvalued and
27 artificially inflated at all relevant times. Defendants' materially false and/or misleading
28 statements during the Class Period resulted in Plaintiff and other members of the Class

1 purchasing the Company's securities at artificially inflated prices, thus causing the damages
2 complained of herein when the truth was revealed.

3 **LOSS CAUSATION**

4 50. Defendants' wrongful conduct, as alleged herein, directly and proximately
5 caused the economic loss suffered by Plaintiff and the Class.

6 51. During the Class Period, Plaintiff and the Class purchased Edgio's securities
7 at artificially inflated prices and were damaged thereby. The price of the Company's
8 securities significantly declined when the misrepresentations made to the market, and/or the
9 information alleged herein to have been concealed from the market, and/or the effects
10 thereof, were revealed, causing investors' losses.

11 **SCIENTER ALLEGATIONS**

12 52. As alleged herein, Defendants acted with scienter since Defendants knew that
13 the public documents and statements issued or disseminated in the name of the Company
14 were materially false and/or misleading; knew that such statements or documents would be
15 issued or disseminated to the investing public; and knowingly and substantially participated
16 or acquiesced in the issuance or dissemination of such statements or documents as primary
17 violations of the federal securities laws. As set forth elsewhere herein in detail, the
18 Individual Defendants, by virtue of their receipt of information reflecting the true facts
19 regarding Edgio, their control over, and/or receipt and/or modification of Edgio's allegedly
20 materially misleading misstatements and/or their associations with the Company which
21 made them privy to confidential proprietary information concerning Edgio, participated in
22 the fraudulent scheme alleged herein.

23 **APPLICABILITY OF PRESUMPTION OF RELIANCE**

24 **(FRAUD-ON-THE-MARKET DOCTRINE)**

25 53. The market for Edgio's securities was open, well-developed and efficient at
26 all relevant times. As a result of the materially false and/or misleading statements and/or
27 failures to disclose, Edgio's securities traded at artificially inflated prices during the Class
28 Period. On April 19, 2022, the Company's share price closed at a Class Period high of \$5.43

1 per share. Plaintiff and other members of the Class purchased or otherwise acquired the
2 Company's securities relying upon the integrity of the market price of Edgio's securities and
3 market information relating to Edgio, and have been damaged thereby.

4 54. During the Class Period, the artificial inflation of Edgio's shares was caused
5 by the material misrepresentations and/or omissions particularized in this Complaint causing
6 the damages sustained by Plaintiff and other members of the Class. As described herein,
7 during the Class Period, Defendants made or caused to be made a series of materially false
8 and/or misleading statements about Edgio's business, prospects, and operations. These
9 material misstatements and/or omissions created an unrealistically positive assessment of
10 Edgio and its business, operations, and prospects, thus causing the price of the Company's
11 securities to be artificially inflated at all relevant times, and when disclosed, negatively
12 affected the value of the Company shares. Defendants' materially false and/or misleading
13 statements during the Class Period resulted in Plaintiff and other members of the Class
14 purchasing the Company's securities at such artificially inflated prices, and each of them has
15 been damaged as a result.

16 55. At all relevant times, the market for Edgio's securities was an efficient market
17 for the following reasons, among others:

18 (a) Edgio shares met the requirements for listing, and was listed and
19 actively traded on the NASDAQ, a highly efficient and automated market;

20 (b) As a regulated issuer, Edgio filed periodic public reports with the SEC
21 and/or the NASDAQ;

22 (c) Edgio regularly communicated with public investors via established
23 market communication mechanisms, including through regular dissemination of press
24 releases on the national circuits of major newswire services and through other wide-ranging
25 public disclosures, such as communications with the financial press and other similar
26 reporting services; and/or

27 (d) Edgio was followed by securities analysts employed by brokerage firms
28 who wrote reports about the Company, and these reports were distributed to the sales force

1 and certain customers of their respective brokerage firms. Each of these reports was publicly
2 available and entered the public marketplace.

3 56. As a result of the foregoing, the market for Edgio's securities promptly
4 digested current information regarding Edgio from all publicly available sources and
5 reflected such information in Edgio's share price. Under these circumstances, all purchasers
6 of Edgio's securities during the Class Period suffered similar injury through their purchase
7 of Edgio's securities at artificially inflated prices and a presumption of reliance applies.

8 57. A Class-wide presumption of reliance is also appropriate in this action under
9 the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S.
10 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material
11 misstatements and/or omissions. Because this action involves Defendants' failure to
12 disclose material adverse information regarding the Company's business operations and
13 financial prospects—information that Defendants were obligated to disclose—positive proof
14 of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld
15 be material in the sense that a reasonable investor might have considered them important in
16 making investment decisions. Given the importance of the Class Period material
17 misstatements and omissions set forth above, that requirement is satisfied here.

18 **NO SAFE HARBOR**

19 58. The statutory safe harbor provided for forward-looking statements under
20 certain circumstances does not apply to any of the allegedly false statements pleaded in this
21 Complaint. The statements alleged to be false and misleading herein all relate to then-
22 existing facts and conditions. In addition, to the extent certain of the statements alleged to
23 be false may be characterized as forward looking, they were not identified as “forward-
24 looking statements” when made and there were no meaningful cautionary statements
25 identifying important factors that could cause actual results to differ materially from those
26 in the purportedly forward-looking statements. In the alternative, to the extent that the
27 statutory safe harbor is determined to apply to any forward-looking statements pleaded
28 herein, Defendants are liable for those false forward-looking statements because at the time

1 each of those forward-looking statements was made, the speaker had actual knowledge that
2 the forward-looking statement was materially false or misleading, and/or the forward-
3 looking statement was authorized or approved by an executive officer of Edgio who knew
4 that the statement was false when made.

5 **FIRST CLAIM**

6 **Violation of Section 10(b) of The Exchange Act and**

7 **Rule 10b-5 Promulgated Thereunder**

8 **Against All Defendants**

9 59. Plaintiff repeats and re-alleges each and every allegation contained above as
10 if fully set forth herein.

11 60. During the Class Period, Defendants carried out a plan, scheme and course of
12 conduct which was intended to and, throughout the Class Period, did: (i) deceive the
13 investing public, including Plaintiff and other Class members, as alleged herein; and (ii)
14 cause Plaintiff and other members of the Class to purchase Edgio's securities at artificially
15 inflated prices. In furtherance of this unlawful scheme, plan and course of conduct,
16 Defendants, and each defendant, took the actions set forth herein.

17 61. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made
18 untrue statements of material fact and/or omitted to state material facts necessary to make
19 the statements not misleading; and (iii) engaged in acts, practices, and a course of business
20 which operated as a fraud and deceit upon the purchasers of the Company's securities in an
21 effort to maintain artificially high market prices for Edgio's securities in violation of Section
22 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary
23 participants in the wrongful and illegal conduct charged herein or as controlling persons as
24 alleged below.

25 62. Defendants, individually and in concert, directly and indirectly, by the use,
26 means or instrumentalities of interstate commerce and/or of the mails, engaged and
27 participated in a continuous course of conduct to conceal adverse material information about
28 Edgio's financial well-being and prospects, as specified herein.

1 63. Defendants employed devices, schemes and artifices to defraud, while in
2 possession of material adverse non-public information and engaged in acts, practices, and a
3 course of conduct as alleged herein in an effort to assure investors of Edgio's value and
4 performance and continued substantial growth, which included the making of, or the
5 participation in the making of, untrue statements of material facts and/or omitting to state
6 material facts necessary in order to make the statements made about Edgio and its business
7 operations and future prospects in light of the circumstances under which they were made,
8 not misleading, as set forth more particularly herein, and engaged in transactions, practices
9 and a course of business which operated as a fraud and deceit upon the purchasers of the
10 Company's securities during the Class Period.

11 64. Each of the Individual Defendants' primary liability and controlling person
12 liability arises from the following facts: (i) the Individual Defendants were high-level
13 executives and/or directors at the Company during the Class Period and members of the
14 Company's management team or had control thereof; (ii) each of these defendants, by virtue
15 of their responsibilities and activities as a senior officer and/or director of the Company, was
16 privy to and participated in the creation, development and reporting of the Company's
17 internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed
18 significant personal contact and familiarity with the other defendants and was advised of,
19 and had access to, other members of the Company's management team, internal reports and
20 other data and information about the Company's finances, operations, and sales at all
21 relevant times; and (iv) each of these defendants was aware of the Company's dissemination
22 of information to the investing public which they knew and/or recklessly disregarded was
23 materially false and misleading.

24 65. Defendants had actual knowledge of the misrepresentations and/or omissions
25 of material facts set forth herein, or acted with reckless disregard for the truth in that they
26 failed to ascertain and to disclose such facts, even though such facts were available to them.
27 Such defendants' material misrepresentations and/or omissions were done knowingly or
28 recklessly and for the purpose and effect of concealing Edgio's financial well-being and

1 prospects from the investing public and supporting the artificially inflated price of its
2 securities. As demonstrated by Defendants' overstatements and/or misstatements of the
3 Company's business, operations, financial well-being, and prospects throughout the Class
4 Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or
5 omissions alleged, were reckless in failing to obtain such knowledge by deliberately
6 refraining from taking those steps necessary to discover whether those statements were false
7 or misleading.

8 66. As a result of the dissemination of the materially false and/or misleading
9 information and/or failure to disclose material facts, as set forth above, the market price of
10 Edgio's securities was artificially inflated during the Class Period. In ignorance of the fact
11 that market prices of the Company's securities were artificially inflated, and relying directly
12 or indirectly on the false and misleading statements made by Defendants, or upon the
13 integrity of the market in which the securities trades, and/or in the absence of material
14 adverse information that was known to or recklessly disregarded by Defendants, but not
15 disclosed in public statements by Defendants during the Class Period, Plaintiff and the other
16 members of the Class acquired Edgio's securities during the Class Period at artificially high
17 prices and were damaged thereby.

18 67. At the time of said misrepresentations and/or omissions, Plaintiff and other
19 members of the Class were ignorant of their falsity, and believed them to be true. Had
20 Plaintiff and the other members of the Class and the marketplace known the truth regarding
21 the problems that Edgio was experiencing, which were not disclosed by Defendants, Plaintiff
22 and other members of the Class would not have purchased or otherwise acquired their Edgio
23 securities, or, if they had acquired such securities during the Class Period, they would not
24 have done so at the artificially inflated prices which they paid.

25 68. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange
26 Act and Rule 10b-5 promulgated thereunder.

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1 conduct, Plaintiff and other members of the Class suffered damages in connection with their
2 purchases of the Company's securities during the Class Period.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

5 (a) Determining that this action is a proper class action under Rule 23 of the
6 Federal Rules of Civil Procedure;

7 (b) Awarding compensatory damages in favor of Plaintiff and the other Class
8 members against all defendants, jointly and severally, for all damages sustained as a result
9 of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

10 (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred
11 in this action, including counsel fees and expert fees; and

12 (d) Such other and further relief as the Court may deem just and proper.

13 **JURY TRIAL DEMANDED**

14 Plaintiff hereby demands a trial by jury.
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1 DATED: April ____, 2023

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