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13
14 **UNITED STATES DISTRICT COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**

16 **In re: SIRF TECHNOLOGY HOLDINGS, INC.**
17 **SECURITIES LITIGATION**

) **Master File No.**
) **C 08 00856**

18
19 **This Document Relates To:**

20 **ALL ACTIONS**

) **CLASS ACTION**
) **AMENDED COMPLAINT**
) **FOR VIOLATION OF THE**
) **SECURITIES LAWS**
)

1 margins. Rather, defendants said, SiRF will “maintain our gross margins. We have done so for the
2 last five years, we expect it to continue. ... In the 54%-55% range.

3 5. On this news, SiRF’s stock price jumped 28% and remained at elevated levels
4 throughout Q4 and the Class Period. As a result of defendants’ October 2007 statements, in
5 November 2007, defendant Diosdado Banatao, SiRF’s Chairman, was able to sell a significant chunk
6 of his SiRF holdings for over \$9.6 million, at prices between \$24.18-\$24.29 per share.

7 6. On February 4, 2008, after the market closed, defendants disclosed a very different
8 picture of SiRF’s profit margins and business prospects. Net income for the Company fell from a
9 whopping \$9.1 million in the fourth quarter of 2006 to a measly \$0.7 million in the fourth quarter of
10 2007. SiRF did not earn \$0.31 to \$0.33, but only \$0.01 per share in the fourth quarter of 2007.
11 Contrary to SiRF’s statements in October, Company gross margins in Q4 2007 were not 54-55%, but
12 only 48.1%. Again, this was a sharp difference from 54.8% margins recorded by SiRF in Q4 2006.
13 On the conference call, SiRF guided the market downward, saying that gross margins going forward
14 would be no higher than 50%.

15 7. When asked on the February 4, 2008 conference call about the dramatic change in
16 SiRF’s gross margins, defendant Canning stated: “*We had always expected that gross margins would*
17 *start to shift down as ramping of certain products occurred*”.¹

18 8. In response, on February 5, 2008, SiRF’s stock collapsed by 54%, closing at \$7.36 per
19 share on volume of 63 million shares, which was 24 times the average three-month volume.

20 9. On March 25, 2008, SiRF further disclosed that it anticipated a revenue shortfall for
21 Q1 2008, and that it planned a corporate restructuring, and company layoffs. Analysts attributed this
22 news to SiRF’s failure to manage an orderly transition with Centrality, and an ineffective integration.
23 According to one analyst, even management’s reduced guidance on gross margins – 50% – was too
24 optimistic, because the mix of SiRF and Centrality products resulting from the acquisition would
25 favor lower-margin Centrality products. As a result of defendants’ March 25, 2008 disclosures, SiRF

26
27 ¹ Unless otherwise noted all bolding or other emphasis herein has been added.

1 stock plunged an additional 28.5%, to close at \$4.93.

2 10. Defendants knew but concealed from the investing public during the Class Period the
3 following facts evidencing declining gross margins and less than smooth integration of the Centrality
4 business:

5 (a) Demand for SiRF's GPS product was flagging as major customers "second
6 sourced their GPS needs with SiRF's competitors and thereby reduced Company sales of its high
7 margin discrete semiconductor chip sets;

8 (b) The acquisition of Centrality would and did have an adverse impact on SiRF
9 as sales of the Centrality products cannibalized sales of the SiRF product line;

10 (c) Insofar as the System-on-Chip ("SoC") products Centrality offered carried
11 lower gross margins than SiRF's "discrete semiconductor line, sales of SoC's which increased at
12 the expense of sales of discrete semiconductors would reduce Company margins and destroy
13 profitability;

14 (d) The Centrality acquisition was not complementary, but would in fact
15 significantly lower SiRF's gross margins;

16 (e) SiRF's discrete semiconductor products had become "commodities, leaving
17 SiRF with no pricing power and placing further downward pressure on gross margins;

18 (f) Shifting standards in the wireless GPS area were causing SiRF customers to
19 move to cellular-enabled products with which SiRF could not adequately compete; and

20 (g) Defendants therefore had no basis for their statements in June, July and
21 October 2007 extolling SiRF's and Centrality's "complementary customer bases, an integration that
22 had progressed "extremely well, a forecast of EPS of \$0.31-\$0.33 in Q4 2007, and affirmation that
23 SiRF's 5-year record of delivering 54% to 55% in gross margins would continue. Gross margins in
24 Q4 and going forward would in fact be down significantly due to lower-margin SoC products (which
25 cannibalized SiRF sales of discrete products), because SiRF's higher-margin semiconductor products
26 had become commodities (and were being second sourced to competitors), and because SiRF's
27 wireless business was suffering because cellular telephone standards had shifted in favor of

1 competitors.

2 11. Defendants' statements, and their failure to disclose adverse facts known to them,
3 artificially inflated the price of SiRF's publicly traded securities and allowed defendant Banatao to
4 reap \$9.6 million in trading proceeds. Plaintiff and other members of the Class purchased SiRF
5 securities at prices inflated by defendants' false and misleading statements and thereby suffered
6 injury.

7 JURISDICTION AND VENUE

8 12. The claims asserted herein arise under and pursuant to §§ 10(b) and 20(a) of the
9 Securities Exchange Act of 1934 (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 (17 C.F.R. §
10 240.10b-5) promulgated thereunder by the SEC. Jurisdiction is conferred by §27 of the Exchange
11 Act. The claims asserted herein arise under §§10(b) and 20(a) of the 1934 Act and SEC Rule 10b-5.

12 13. Venue is proper in this District pursuant to §27 of the Exchange Act. Many of the acts
13 and transactions giving rise to the violations of law complained of herein, including the preparation
14 and dissemination to the investing public of false and misleading information, occurred in this
15 District. SiRF's principal executive offices are located at 217 Devcon Drive, San Jose, California,
16 where the day-to-day operations of the Company are directed and managed.

17 14. In connection with the acts, conduct and other wrongs complained of, the defendants,
18 directly or indirectly, used the means and instrumentalities of interstate commerce, the United States
19 mails, and the facilities of the national securities markets.

20 PARTIES

21 15. Lead Plaintiff, the Police & Fire Retirement System of the City of Detroit, purchased
22 SiRF common stock during the Class Period as detailed in the certification previously filed with this
23 Court and was damaged thereby.

24 16. Defendant SiRF develops and markets semiconductor and software products that
25 enable location-awareness throughout the world, utilizing GPS and other location technologies. SiRF
26 offers a range of GPS chip set and software products.

27 17. Defendant Michael L. Canning ("Canning ") was, at all relevant times, President and

1 Chief Executive Officer (“CEO) of the Company. During the Class Period, Canning was
2 responsible for the Company’s public statements, and personally participated on the analyst
3 conference calls alleged herein. On April 18, 2008, Canning resigned his positions at SiRF.

4 18. Defendant Diosdado P. Banatao (“Banatao) was, at all relevant times, Chairman of
5 the Board of SiRF. Banatao was also a co-founder of the Company. During the Class Period, while
6 SiRF’s stock was artificially inflated by defendants’ false statements, Banatao sold 400,000 shares
7 of his SiRF stock for proceeds of \$9.6 million. Banatao had power and authority to control the
8 contents of SiRF’s public statements. Banatao became interim CEO of SiRF upon Canning’s
9 resignation in April 2008.

10 19. Defendant Geoffrey Ribar (“Ribar) is, and at all relevant times was, Chief Financial
11 Officer (“CFO) and Senior Vice President of Finance of the Company. During the Class Period,
12 Ribar was responsible for the Company’s public statements, and personally participated on the
13 analyst conference calls alleged herein..

14 20. Defendant Kanwar Chadha (“Chadha) is a co-founder of the Company. At all
15 relevant times Chadha was Vice President of Marketing and a director of the Company. During the
16 Class Period, Chadha was responsible for the Company’s public statements.

17 21. Defendants Channing, Banatao, Ribar and Chadha (the “Individual Defendants),
18 because of their positions with the Company, had power and authority to control the contents of
19 SiRF’s quarterly reports, press releases and presentations to securities analysts, money and portfolio
20 managers and institutional investors, i.e., the market. They were provided with copies of the
21 Company’s reports and press releases alleged herein to be misleading prior to or shortly after their
22 issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected.
23 Because of their positions with the Company, and their access to material non-public information
24 available to them but not to the public, the Individual Defendants knew that the adverse facts
25 specified herein had not been disclosed to and were being concealed from the public and that the
26 positive representations being made were then materially false and misleading.

BACKGROUND

22. SiRF develops and markets semiconductor and software products that enable location-awareness throughout the world utilizing GPS and other location technologies. Specifically, the Company's products use GPS to provide longitude, latitude and time information to GPS-enabled devices manufactured and sold by SiRF's customers. SiRF's business segments are: Automotive (which included SiRF's "bread and butter – the Portable Navigation Device ("PND) market); Wireless (*i.e.*, GPS for cellular telephones); and Consumer (devices such as recreational GPS handhelds). At relevant times, the Automotive segment comprised approximately 65% of Company revenues, Wireless accounted for 20%, and Consumer for 15%. SiRF's customers include such companies as Garmin, TomTom and Motorola.

23. Historically, the SiRF product line has been GPS "chip sets for use in the various applications existing within its business segments. Each of the Company's chip set product lines consists of two integrated circuits, a radio frequency integrated circuit and a digital signal processing circuit, and standard embedded GPS software. The semiconductor circuits chips included in a SiRF chip set are "discrete, meaning that the chips perform specific functions and must be packaged together to provide GPS functionality in end-user devices. At relevant times, the Company's flagship product has been the "SiRFstarIII chip set. SiRF does not own semiconductor plants, but is "fabless, meaning that the Company enters contracts with third-party foundries for manufacture of its semiconductors products.

24. On June 21, 2007, SiRF announced an agreement to acquire one of its largest competitors, Centrality Communications Inc., for 8.1 million shares of SiRF stock and \$110 million in cash. The transaction closed on August 6, 2007. At relevant times, Centrality's core product has been the GPS "System-on-Chip, or "SoC . Centrality's most popular SoC's are its "Atlas and "Titan products. With an SoC, functions found separately in discrete semiconductor chips like SiRF's can be combined into a single semiconductor chip. In a given application, therefore, an SoC could replace the SiRFstar III chip set, and provide additional functionality as well. SoC products have lower gross margins, however, than the discrete chips comprising SiRF's product line.

1 Accordingly, at the time of SiRF's acquisition of Centrality, Centrality's gross profit margins were
2 much lower than SiRF's. In FY 2006, Centrality's gross margins were only 40%, whereas SiRF's
3 were 55.6%. Likewise, in Q1 2007, Centrality's and SiRF's respective gross margins were 39.8%
4 and 54.6%.

5 DEFENDANTS ISSUE FALSE AND MISLEADING STATEMENTS

6 25. On June 21, 2007, SiRF issued a press release and held a conference call bullishly
7 describing its definitive agreement to acquire Centrality. Defendant Canning was quoted saying
8 "Centrality's team has a proven track record of delivering innovative solutions to market and we
9 believe that **the combined entity can provide a very attractive product portfolio to address the**
10 **price performance and functionality needs of our customers.** On the conference call, defendant
11 Chadha said that the customer bases of the two companies were "complementary rather than
12 "overlapping .

13 [ANALYST]: [M]aybe you could talk about just **are there any overlapping**
14 **customers here** or you know what types of customers do you think this will help
increase your penetration into?

15 [CHADHA]: This is Kanwar. I think **we have actually a pretty**
16 **complementary base.** The way to look at it is every socket we can add more value
17 to now, and if we look at our customer base today, **there are a number of customers**
18 **who are using Centrality's system-on-a-chip platform, and there are many other**
19 **customers who are using SiRF GPS with other SOC platforms.** So, we see
20 significant synergy as we – as a merged company to add more value to those sockets.

21 These statements by Canning and Chadha dispelled concerns that customers who, prior to the
22 Centrality acquisition, were purchasing SiRF's high-margin discrete semiconductor chip sets, might
23 afterwards begin purchasing Centrality's low margin SoC semiconductors. On news of the Centrality
24 acquisition and the company's complementary customer bases, SiRF's stock price rose 3% on heavy
25 volume.

26 26. On the same conference call, Rob Baxter, Centrality's CEO, said

27 [W]e are looking forward to **combining our Atlas and Titan products with – and**
28 **expanding that range along with SiRF Technology offerings.** And it really is a
win-win-win, firstly for our customers and most of all for our customers to see an
accelerated product roadmap, **a differentiated product** roadmap with leadership in
its field. Of course, shareholders will benefit from that as well of both companies.
And thirdly, of course, our employees.

1 Stating that the Centrality products could be added alongside SiRF's discrete semiconductor offerings
2 in a "win-win" scenario told the market that the acquisition was not expected to cannibalize SiRF's
3 sales.

4 27. In response to a question about the impact of the Centrality acquisition on customer
5 Samsung, defendant Chadha emphasized that Centrality's SoC ("fully integrated") GPS solution and
6 SiRF's ("modular") fit the needs of different customers.

7 [ANALYST]: [Y]ou have a close relationship with [Samsung] – they're your
8 manufacturer and I believe in a lot of applications its their application process that is
9 being used, how do you see this acquisition impacting that relationship and – and
10 have you talked to them about Centrality?

11 [CHADHA]: I think we see the markets having different price performance
12 modularity needs. **There are going to be certain segments where a fully integrated
13 solution makes sense, there are other segments where more modular solutions
14 make sense.** So, our strategy is to address all of them.

15 28. The foregoing statements issued by defendants on June 21, 2007 were materially false
16 and misleading at the time that they were made because they misrepresented and/or failed to disclose
17 the facts set forth in ¶¶ 47, 55 and 65, *inter alia*, and, in particular, that Centrality's customer base
18 and products were not "complementary" to SiRF's, because:

19 (a) Centrality and SiRF had overlapping customer bases, so sales of Centrality
20 products would cannibalize sales of SiRF product lines; and

21 (b) Centrality's SoC products carried lower gross margins than SiRF's "discrete
22 semiconductor products, thereby lowering SiRF's profit margins.

23 29. On July 31, 2007, SiRF announced second quarter earnings and held a conference call
24 with analysts. On the call, defendant Canning stated:

25 We believe that **the combination of [Centrality's] products and our products is
26 going to provide extensive strength in the PND market.** And frankly, we think it
27 will be a very successful product portfolio from that standpoint.

28 * * *

29 What we have said is that we are capable of being competitive in this market on price
30 **without having substantial problems with our gross margins** and that continues
31 to be the case.

32 30. On this conference call, SiRF repeated a theme from its June 2007 call announcing

1 the Centrality acquisition, *i.e.*, that Centrality sales would not reduce sales of SiRF's product line
2 because the customer bases of the two companies were complementary, not overlapping. Defendant
3 Canning said "The Centrality line and the SiRF line right now are very complementary, there is very
4 little overlap, a few software items that overlap a little bit but really not much.

5 31. The foregoing statements issued by the defendants on July 31, 2007 were materially
6 false and misleading at the time that they were made because they misrepresented and/or failed to
7 disclose the facts set forth ¶¶ 44-51, 62-65, *inter alia*, and, in particular, that defendants knew
8 Centrality's and SiRF's customer bases and products were not "complementary, and that this would
9 have a material impact on gross margins, because:

10 (a) Centrality and SiRF had overlapping customer bases, so sales of Centrality
11 products would cannibalize sales of SiRF product lines; and

12 (b) Centrality's SoC products carried lower gross margins than SiRF's "discrete
13 semiconductor products, thereby lowering SiRF's profit margins; and

14 (c) Demand for SiRF's GPS product was flagging as major customers "second
15 sourced their GPS needs with SiRF's competitors and thereby reduced Company
16 sales of its high margin discrete semiconductor chip sets; and

17 (d) Cannibalization of sales of SiRF products by Centrality's low margin sales
18 would in fact significantly lower SiRF's gross margins; and

19 (e) SiRF's discrete semiconductor products had become "commodities, leaving
20 SiRF with no pricing power and placing further downward pressure on gross margins;
21 and

22 (f) Integration of Centrality had proceeded poorly.

23 32. On October 30, 2007, SiRF issued a press release touting the positive effect of the
24 Company's Centrality acquisition on SiRF's revenue stream.

25 SiRF reports record revenue and strong Non-GAAP operating profits

26 "We believe our Q3 performance has been exceptional. We have once again
27 posted record revenues on record shipment volumes with excellent profitability and
strong bookings momentum. **Our acquisition of Centrality and broadening of our**

1 **product portfolio with the System-on-Chip (SoC) products has been**
2 **enthusiastically welcomed by customers, and the SoC products are also breaking**
3 **revenue and shipment volume records,** said Dr. Michael Canning, President and
4 CEO.

5 * * *

6 Q3 2007 Highlights and Business Outlook:

7 **We have successfully closed the merger with Centrality Communications**
8 **and are integrating our products, platforms and personnel. The resulting**
9 **combination has exceeded our expectations and has been very well received by**
10 **customers, vendors and employees alike. We are seeing significant design win**
11 **momentum at major PND customers for our SoC platforms. We are now working**
12 **on synergistic extensions of our combined fundamental technology.**

13 Growth in our Automotive business, and particularly in Portable Navigation
14 Devices (PNDs), continues to be very strong and to mirror overall market growth. ...
15 In addition, many of our customers, including ASUS, Garmin, HP Magellan, Mio,
16 Siemens VDO and TomTom, launched **new platforms using SiRFstarIII or SiRF**
17 **SoC based products** this quarter.

18 **Interest in and demand for our products continues to accelerate in our**
19 **Wireless business. ... Multiple handsets based on the SiRFstarIII platforms** have
20 also been announced or moved into volume production by customers

21 In the consumer and mobile computing market, **SiRFstarIII architecture is**
22 **gaining more momentum.**

23 33. Immediately following the release of its Q3 2007 results, SiRF hosted a conference
24 call for analysts, investors and media representatives, during which defendants stated the following:

25 [CANNING]: **The integration [of Centrality] and process has progressed**
26 **extremely well,** and we are now well positioned to benefit from the combined
27 creativity and GPS-enabled location technology and DSP engineering of the two
28 companies.

* * *

29 Demand for our products is robust across all market segments and we expect
30 to see Q4 revenues in the range of \$99 to \$102 million with at least 10% of this
31 revenue coming from SoC products. This will bring revenue for the year into the
32 range of \$328 million to \$331 million. Assuming a tax rate of 5% to 10%, **we are**
33 **modeling EPS for Q4 in the range \$0.31 to \$0.33.**

* * *

34 [ANALYST]: **So let's say a full quarter of Centrality in Q4. Will that then**
35 **depress margin** or would the higher revenue level, do you expect gross margin to go
36 up sequentially a little bit?

37 [CANNING]: **We expect to maintain our gross margins. We have done for**

1 **the last five years, we expect it to continue.**

2 [RIBAR]: **In the 54% to 55% range.**

3 * * *

4 [ANALYST]: Well then as a follow-up. Did you feel like you've really taken
5 a big brunt of the ASP decline in Q3 so we'll see more modest declines going forward
or will we see more of the same?

6 [CANNING]: Well there's always competition in the marketplace, and that's
7 something we have expected and forecast for sometime. So it's not surprising that
8 competitors are there. It's not surprising that if they want to try to win business from
9 us, they try to offer lower prices. **But we plan to be just as competitive going
forward as we have been in the past.** And we expect to win more sockets than we
lose and to **improve the value of the sockets that we win.**

10 [RIBAR]: So I think that the other point is clearly, right, **we've been able to
sustain our market share, sustain our margin, sustain our business model** in this
11 pricing environment. So I think we've done an outstanding job over an extended
period of time of maintaining our business.

12 34. Like SiRF's June 21, 2007 statements, its October 30, 2007 statements that customers
13 were launching new platforms in either SiRFstar III or SoC (implying that SoC gains were not at the
14 expense of SiRFstar III sales) and describing the combination of SiRF and Centrality as "synergistic,
15 served to assuage investor concerns about cannibalization. Similarly, Canning's references on
16 October 30, 2007 to "very strong customer interest in the Centrality's Atlas and other SoC products,
17 alongside statements about gains by SiRFstar III with customers in the wireless handset and
18 consumer segments, and assurances that the integration of Centrality "has progressed extremely
19 well, told the market that these customer bases were indeed complementary.

20 35. Later in the call, defendant Ribar was again queried about gross margins. Ribar
21 confirmed the 54-55% figure. When asked directly whether the Centrality business might affect
22 SiRF's gross margins, defendant Canning responded that the margins would remain stable.

23 [ANALYST]: On the gross margin, just a clarification. Geoff, I think you
24 mentioned 55 to 56 going forward. Is that the target you're expecting in Q4 and into
2008?

25 [RIBAR]: So Adam, **I said 54% to 55% for Q4.** We're not guiding '08.

26 [ANALYST]: Okay. And then **as you move into Centrality and becomes
I guess 10% of your mix in Q4 and maybe a bigger percent next year, can you
27 just talk about the dynamics of how that, you know, can move gross margin up**

1 **or down?**

2 [CANNING]: Well, I think it's very clear that in this business, because of the
3 enormous opportunities in the market that we see, there's of course competition, and
4 the traditional way of managing margins is to create more value through products that
5 are differentiated from those competitors.

6 And the SoC products are part of that strategy as are some of the software products
7 that we introduce. **So we will be able to maintain our margins quite nicely by**
8 **introducing more interesting products over time.** And that's fundamentally the
9 strategy that we've been following for sometime.

10 36. Addressing the Wireless segment, defendant Canning told analysts that SiRF and
11 Qualcomm had essentially split the market for GPS-enabled mobile phone handsets: "I think **between**
12 **Qualcomm and SiRF, we have covered pretty much the field of GPS-enabled wireless**
13 **solutions.** Canning's statement implied that Qualcomm and SiRF were on equal footing with GPS-
14 enabled handsets when in fact, as a former SiRF employee (CW1) stated, *see infra*, SiRF was unable
15 to compete with Qualcomm in the handset arena because Qualcomm owned the intellectual property
16 for the CDMA standard that had become dominant, and gave away GPS for free in those handsets.

17 37. An analyst asked whether SiRF competitor MediaTek presented a competitive threat
18 to SiRF's high margins and defendant Chadha responded that MediaTek was really no different than
19 any other competitor.

20 [ANALYST]: How do you folks, to put it bluntly, you know, fool proof
21 competitive entry from [the] sort of guy like a MediaTek that has been very successful
22 coming in, good technology at very low prices?

23 [Chadha]: [Y]ou know, [the] market is going to be competitive and **there are**
24 **going to be a number of players. You know, MediaTek being one of them,** but
25 there are other players in the marketplace.

26 In fact, however, three months earlier SiRF had published an internal study which singled out
27 MediaTek as a particularly strong competitive threat because there were no performance or
28 functionality differences between SiRF and MediaTek products which could justify SiRF charging
twice as much as MediaTek. *See infra*.

29 38. Defendant Canning closed the conference call stating that "As expected, the Centrality
30 acquisition has created **positive synergies** internally and externally.

31 39. The foregoing statements issued by the defendant on October 30, 2007 were materially

1 false and misleading at the time that they were made because they misrepresented and/or failed to
2 disclose the facts set forth in §§ 44-51, 62-65, *inter alia*, and, in particular that defendants knew that
3 the integration with Centrality was not proceeding smoothly, that Centrality's and SiRF's customer
4 bases and products were not complementary and that SiRF did not expect to maintain its gross
5 margins in the fourth quarter of fiscal 2007, because:

6 (a) the acquisition of Centrality was having an adverse impact on SiRF as sales
7 of Centrality products cannibalized sales of SiRF product lines; and

8 (b) Centrality's SoC products carried lower gross margins than SiRF's "discrete
9 semiconductor products, thereby lowering SiRF's profit margins; and

10 (c) Demand for SiRF's GPS product was flagging as major customers "second
11 sourced their GPS needs with SiRF's competitors and thereby reduced Company
12 sales of its high margin discrete semiconductor chip sets; and

13 (d) the Centrality acquisition was not complementary, but would in fact
14 significantly lower SiRF's gross margins; and

15 (e) SiRF's discrete semiconductor products had become "commodities, leaving
16 SiRF with no pricing power and placing further downward pressure on gross margins;
17 and

18 (f) Defendants had no basis for their statements on the Q3 conference call that
19 EPS would be in the \$0.31-\$0.33 range, or that the gross margins of 54% to 55%
20 obtained in Q3 would remain stable for Q4. Gross margins in Q4 would be down
21 significantly due to lower-margin SoC products (which cannibalized SiRF sales of
22 discrete products), because SiRF's higher-margin semiconductor products had
23 become commodities (and were being second sourced to competitors), and because
24 SiRF's wireless business was suffering because cellular telephone standards had
25 shifted in favor of competitors; and

26 (g) the lower margin Centrality products were already 10% of SiRF's sales in Q3,
27 and were expected to comprise a larger share in Q4.

1 40. SiRF's Q3 earnings release and Q3 conference call on October 30, 2007 had an
2 extremely positive effect on market prices for SiRF stock. This was not surprising, since the
3 Company touted SiRF's prospects for its discrete SiRFstar III platform in all three of SiRF's business
4 segments – Automotive, Wireless and Consumer – and unequivocally stated that its gross margins
5 were solid. On October 31, 2007, SiRF stock shot up \$6.51, or 28%, from \$23.30 to \$29.81 per
6 share, on volume of 11.9 million shares. This compared to average volume of 2.8 million shares
7 traded per day in the month of October 2007. The one-day jump on October 31, 2007 was SiRF's
8 largest move since the company went public in April 2004.

9 41. Analysts raved about SiRF's apparent success in the quarter. Bloomberg News
10 reported that SiRF's 29¢ profit, excluding research, acquisition and stock-compensation costs, had
11 beaten the 22¢ estimate of analysts in the Bloomberg survey. Goldman Sachs wrote that "handset
12 designs at key customers including Motorola and RIM) [were] beginning to ramp, in addition to the
13 well-known strength at PND customers such as TomTom. Dougherty & Company wrote that "the
14 Centrality acquisition has given SiRF superior positioning relative to other PND chipset providers
15 (boosting share and ASP per PND).

16 42. Based upon the Company's statements in the Company's October 30, 2007 press
17 release and conference call, Credit Suisse raised its price target for SiRF from \$24 to \$30 per share,
18 Jeffries & Company raised from \$28 to \$32, Deutsche Bank raised to \$35. Analysts Oppenheimer
19 & Co., Lehman Brothers, and RBC Capital Markets also wrote reports bullish on SiRF's earnings
20 prospects. In total, at least eight analysts following SiRF's stock upgraded it and/or wrote positively
21 about the information that SiRF reported to the market on October 30, 2007.

22 **DEFENDANTS KNEW THAT THEIR PRIOR STATEMENTS**
23 **ABOUT MARGINS, EARNINGS AND INTEGRATION WERE FALSE**

24 43. Defendants, but not investors, knew at the beginning of the Class Period that sales of
25 lower-margin SoC products would eat into SiRF's discrete business and cause profit margins and
26 earnings to come in lower than SiRF had told the market. Numerous confidential witnesses
27 interviewed in the course of plaintiff's investigation – all former employees of SiRF, identified herein

1 as “CW ___ – confirmed defendants’ knowledge.

2 **Second Sourcing**

3 44. According to CW1, a former SiRF Senior Marketing Manager, as of July 2007, SiRF’s
4 key customers in the crucial PND (Personal Navigation Device) product line “were seriously starting
5 to second source their demand for SiRF products. Second sourcing meant that SiRF’s customers
6 had found alternatives to SiRF to obtain GPS chips to use in their end-user devices. CW1 said that
7 customer TomTom was second sourcing, and that customer Garmin likewise was “designing SiRF
8 chips out of their product . TomTom was one of only three SiRF customers that accounted 10% or
9 more of sales as of Company October 30, 2007. The impact of this second sourcing was to reduce
10 Company sales of high margin discrete semiconductor chip sets, and therefore increase the slice of
11 sales in SiRF’s accounting channels that was comprised of low margin SoC sales.

12 45. CW1 said that SiRF management was not concerned at first by customer second
13 sourcing, because the mix was expected to be 70% SiRF and 30% second sources. Those ratios,
14 however, soon dropped to 50-50, and later 20-80. This meant that second sources, *i.e.*, SiRF’s
15 competitors, were filling 80% of the orders that had once belonged 100% to SiRF. This critical
16 situation was known by defendants to be materially inconsistent with defendants’ Class Period
17 statements about SiRF’s ability to sustain its market share (¶ 33), as well as specific statements about
18 market acceptance of SiRF’s PND products (¶¶ 32, 33).

19 46. As head of a Product Marketing Group at SiRF, CW1 was familiar with the source mix
20 ratios, and their effect on the Company’s sales numbers. CW1 reported to Dennis Sheehan, Senior
21 Director of Product Marketing, who reported directly to defendant Kanwar Chadha. CW1 attended
22 the staff meetings held by both Sheehan and Chadha. Among the topics of discussion at staff
23 meetings was the source mix and effect on SiRF revenues. CW1 was employed at SiRF from July
24 2000 through February of 2008. CW1 told plaintiffs’ counsel that demand for SiRF’s products was
25 being drained away by customer second sourcing, which left more low margin sales of Centrality’s
26 product line.

27 **Cannibalization**

1 47. CW1 advised plaintiffs' counsel that the acquisition of Centrality led directly to
2 cannibalization of SiRF sales by the Centrality product line. The customer bases of the companies
3 were not in fact "complementary, as defendants had told the market in June, July and October.
4 According to CW1, it was inevitable that sales of Centrality products would eat into demand for the
5 SiRF chips, given that SiRF's discrete chips required combination with other chips whereas
6 Centrality's SoC provided a complete GPS solution on a single piece of silicon. CW1 said that
7 PND's (SiRF's bread and butter application) required functionality (such as display drivers, and serial
8 input/output ports) that were included in the Centrality SoC's but lacking in discrete GPS chips
9 offered by SiRF.

10 48. Defendant Canning failed to mention cannibalization when he stated on October 30,
11 2007 that "Customer interest in our Atlas type and SoC platforms [both Centrality products] has been
12 very strong, especially in the tier one PND market, and we expect them to be significant contributors
13 to our revenue growth in 2008 . This omission rendered those statements misleading, as well as
14 Class Period statements about the "complementary nature of the Centrality acquisition. Nor was
15 the cannibalization that occurred and squeezed SiRF's margins "positive synergy from the
16 transaction that Canning had described. Cannibalization demonstrates that the customer bases of
17 SiRF and Centrality were not in fact complementary as defendants Chadha and Canning emphasized
18 in June and October 2007.

19 **Commoditization**

20 49. CW2, a former SiRF Program Manager, Strategic Accounts, said that by late July 2007
21 "it was obvious that SiRF discrete GPS chips were becoming a commodity . Evidence of that was
22 a July 20, 2007 study circulated internally by SiRF titled "Fighting Guide: MediaTek . This study,
23 authored by Greg Turetzky, Director of Marketing, and a respected original founder of the Company,
24 compared the flagship SiRFstar III chipset to corresponding chipsets offered by competitor
25 MediaTek. According to CW2, "Fighting guide: MediaTek concluded that there were no
26 performance or functionality differences whatsoever between the SiRF and the MediaTek products.
27 This raised extreme concerns among CW2 and other sales people because they were aware from

1 publicly available information that MediaTek was selling its products for half what SiRF charged.
2 Turetzky sent an e-mail to SiRF management, including each defendant, and other SiRF employees,
3 directing them to read the “Fighting Guide: MediaTek study.

4 50. This evidence that SiRF’s discrete chips had been relegated to commodities –
5 meaning that the Company had no pricing power – came three months **before** SiRF used healthy 54-
6 55% gross margins as a basis to forecast \$0.31-\$0.33 per share earnings. A commodity product does
7 not earn gross margins at this level. The knowledge also rendered misleading defendants’ Class
8 Period statements that SiRF planned to respond to price cuts in the market by being “just as
9 competitive going forward as [it had] been in the past and that it expected to win more “sockets
10 (placement in end-user devices sold by SiRF customers) than it lost and “to improve the value of the
11 sockets that we win . SiRF was aware as early as July that it could not expect to maintain prices on
12 its flagship discrete GPS semiconductor product line.

13 **Lack of Integration**

14 51. CW1 made statements to plaintiffs’ counsel that contradicted Canning’s glowing
15 commentary about Centrality’s integration within SiRF, as of October 30, 2007 (*i.e.*, integration had
16 progressed “extremely well). CW1 said that integration was actually extremely poor. According
17 to CW1, within marketing, there were rampant “turf wars, no “unified message and “no
18 leadership . The company effectively ended up with two distinct marketing groups. Software
19 produced in India had created “major problems due to lack of quality, and the code had to be
20 reworked by U.S. software engineers. SiRF was forced to write off significant investments, including
21 a SoC version of the SiRFstar III called “SoC Star IIIA, and a GPS solution based on BlueTooth 1.0.

22 **Problems In The Wireless Segment**

23 52. CW2 said it was clear in the early part of December 2007 that SiRF’s lead wireless
24 customer, Motorola, was not keeping its commitments in terms of purchases of SiRF units. CW2’s
25 responsibilities at SiRF gave him direct knowledge of the Motorola account, and direct contact with
26 Motorola employees. These employees told CW2 that Motorola’s problems were so serious that they
27 triggered a round of layoffs at Motorola. According to CW2, the impact of Motorola on SiRF was,

1 in turn, very significant, and directly caused layoffs of 40 SiRF personnel in March 2008. Tim
2 McCarthy, SiRF Director and CW2's direct supervisor, told CW2 that McCarthy had personally told
3 defendant Chadha about the dramatic falloff in Motorola purchases. CW2 stated that he had heard
4 Chadha admit in a subsequent all-employees meeting that there were problems in the Motorola
5 account.

6 53. This stands in stark contrast to the Company's earlier statement that "interest in
7 demand for [SiRF's] products continues to accelerate in our Wireless business. Indeed, the
8 Motorola account eventually is blamed for the weak Q4 2007 by analyst Jeffries & Company, *see*
9 *infra*. CW2, who told plaintiff's counsel about "Fighting Guide: MediaTek, and serious problems
10 with the Motorola account, joined SiRF in June 2005 and left in March 2008. In early December,
11 SiRF was under a duty to disclose to investors that its earlier statement regarding accelerating
12 demand in Wireless was no longer accurate.

13 54. Also in the Wireless segment, CW1 said that SiRF was unable to compete with
14 handset manufacturer Qualcomm in CDMA (code division multiple access) handsets. Unbeknownst
15 to investors, who heard Canning say that between SiRF and Qualcomm, the field was "covered,
16 Qualcomm was offering GPS capability **at no extra cost** inside the wireless chips that it sold handset
17 manufacturers. SiRF could not feasibly charge handset manufacturers for inclusion of its GPS
18 products in CDMA handsets (that generally contained Qualcomm chips already), when Qualcomm
19 offered that functionality for free. This was especially problematic because during the Class Period
20 the wireless industry was in the midst of shifting over to CDMA standards, and Qualcomm owns the
21 intellectual property underlying CDMA technology. So SiRF was unable to compete on GPS
22 products with respect to handsets that were becoming an increasingly larger portion of all handsets
23 sold.

24 **Defendants Received Information Through Rigorous Financial Reporting**

25 55. CW3, a former SiRF V.P. Hardware Engineering, confirmed that SiRF's gross margins
26 were extremely important to Company management. CW3 reported directly to defendant Canning
27 and said that gross margins were examined very closely during Canning's weekly staff meetings.

1 According to CW3, Canning, Banatao, Ribar and Chadha were fully aware prior to the acquisition
2 that gross margins on the SoC products were lower than the margins on SiRF's line. CW3 said it was
3 imperative for SiRF management to look at Centrality's gross margins to determine how the
4 acquisition would affect SiRF's business model, and to insure the health of the business. CW3 was
5 employed by SiRF from July 2006 through September 2007.

6 56. Financial information was delivered to SiRF's senior management in detailed
7 spreadsheet reports, on a monthly and quarterly basis. According to CW4, a former SiRF Finance
8 Manager, the Excel spreadsheets used by SiRF for internal financial reporting showed income
9 statement, balance sheet, and sales against forecast information. An Excel spreadsheet also showed
10 detailed gross margins by product line, for all of SiRF's businesses. SiRF's accounting staff (under
11 the direction of CFO Ribar) prepared these reports and bundled them together into a "Comprehensive
12 Review Package" for senior management. According to CW4, defendants Canning, Ribar and
13 Chadha all received the Comprehensive Review Package. CW4 was at SiRF from September 2006
14 through October 2007.

15 57. CW5, a former Vice President confirmed that SiRF had in place a "rigorous
16 accounting system" for internal financial reporting. CW5 also confirmed that at the time of the
17 Centrality acquisition the gross margins on SoC's sold by Centrality were known by management to
18 be lower than SiRF's margins. CW5 was employed at the Company from April 2003 until December
19 2007.

20 58. In January 2008, SiRF's stock drifted downward as the market began to doubt the
21 market for SiRF's products. Defendants did not however disclose how much of SiRF's growth was
22 disappearing, and the stock continued to be artificially inflated. On February 4, 2008, SiRF's stock
23 closed at \$16.27 per share.

24 **DEFENDANT BANATAO REAPS INSIDER TRADING PROFITS**

25 59. On November 29-30, 2007, defendant Banatao sold 400,000 shares of his SiRF stock
26 for proceeds of \$9,694,000. This was 12.5% of Banatao's holdings and constituted by far his largest
27 sale of SiRF holdings in the prior two years. Notwithstanding his duty to refrain from trading SiRF

1 stock under the circumstances, or to disclose the information alleged herein, Banatao sold shares of
2 SiRF stock at prices that had been artificially inflated by defendants' materially false representations
3 detailed above.

4 **SiRF ANNOUNCES A CATASTROPHIC EARNINGS SHORTFALL**
5 **AND SAYS THAT LOWER GROSS MARGINS WERE "ALWAYS EXPECTED"**

6 60. On February 4, 2008, after the market close, SiRF issued a press release announcing
7 that despite increased revenues, it had missed Q4 earnings estimates on far lower gross margins than
8 the Company identified in October 2007 (a mere three months earlier, and already a month into the
9 quarter).

10 Net revenue in the fourth quarter of 2007 was \$100.4 million, an increase of
11 35.3 percent from \$74.2 million reported in the fourth quarter of 2006. Net revenue
12 in fiscal 2007 was \$329.4 million, an increase of 33.0 percent from \$247.7 million
13 reported in fiscal 2006. **Gross margin in the fourth quarter of 2007 was 48.1**
14 **percent**, as compared to 54.7 percent in the fourth quarter of 2006. Gross margin in
15 fiscal 2007 was 50.9 percent, as compared to 54.8 percent in fiscal 2006.

16 **Net income for the fourth quarter of 2007 was \$0.7 million, or \$0.01 per**
17 **diluted share**, based on 64.3 million diluted weighted average shares outstanding.
18 This compares with net income of \$9.1 million, or \$0.16 per diluted share, based on
19 56.1 million diluted weighted average shares outstanding in the fourth quarter of
20 2006.

21 Net loss for fiscal 2007 was \$(10.4) million, or \$(0.19) per diluted share, based
22 on 55.5 million diluted weighted average shares outstanding. This compares with net
23 income of \$2.4 million, or \$0.04 per diluted share, based on 56.0 million diluted
24 weighted average shares outstanding in fiscal 2006.

25 61. On the conference call, Defendant Canning admitted that defendants had "always
26 expected a decline in the gross margins, notwithstanding their October 30, 2007 statements to the
27 contrary.

28 **We had always expected that gross margins would start to shift down** as ramping
of certain products occurred and as competitive influences came into the market. So
for the moment, I think, it's probably best to assume that we'll be around 50% gross
margin.

62. When pressed by an analyst, Defendant Ribar disclosed that the low-margin SoC
business had in fact eaten into sales of SiRF's profitable discrete semiconductor GPS platform.

[ANALYST]: I remember your previous guide you noted that Centrality
would probably make up around 10% of your total revenues this quarter and I'm
assuming this was the case. So is it fair to assume that the contribution from

1 Centrality next quarter will be minimal, if that? If I just kind of do the math and look
2 at your guidance?

3 [RIBAR]: **No, the SoC business last quarter we had said was about 10%**
4 **of our business, so it was clearly higher this quarter.**

5 The SoC business was “clearly higher in Q4 2007 than SiRF had said in October 2007, because sales
6 of Centrality’s product line had cannibalized sales of SiRF’s discrete semiconductor products.
7 Furthermore, in this February conference call, the Company denied having suggested that Centrality’s
8 (low margin revenue) would comprise only 10% of their business in Q4 2007. A review of the
9 October 2007 transcript, however, reveals that the analyst was correct that the Company did suggest
10 Centrality would comprise approximately 10% of Company revenues in Q4 (*see* ¶ 35, *supra*). If the
11 Company had in fact always assumed that Centrality revenue would be “clearly higher than “10%
12 of our business in Q4 2007, as Ribar implies on February 4, 2008, then the Company had in fact
13 materially mislead analysts and the investing public in its response to the direct analyst question on
14 this issue on the October 30, 2007 conference call.

15 63. SiRF’s dramatic EPS shortfall for fourth quarter 2007 (\$0.01 versus forecasted \$0.31-
16 0.33) was caused by (i) cannibalization of sales SiRF’s high-margin products by sales of Centrality’s
17 low margin products, (ii) second sourcing of SiRF’s products by discrete semiconductor customers,
18 (iii) commoditization of those products by competitors, *i.e.*, MediaTek, and (iv) competitive problems
19 in the wireless segment. All of these facts were known by defendants during the Class Period.

20 64. SiRF’s February disclosures also constituted a complete reversal of its October 30,
21 2007 statement that “We expect to maintain our gross margins. We have done for the last five years,
22 we expect it to continue ... “[i]n the 54% to 55% range . Not only were Q4 2007 margins actually
23 much lower in the fourth quarter, but Canning admitted that management had *always expected* those
24 lower gross margins.

25 65. Gross margins were lower in Q4 2007 because margins on SoC products were lower,
26 and because SoC sales had egregiously cannibalized the more profitable SiRFstar III business. That
27 SoC products had lower margins, and would eat into sales of SiRF’s discrete platform, could not have
28 come as a surprise. CW3 said that Centrality’s margins were crucial to the Company’s decision to

1 undertake the acquisition in June 2007, and CW5 confirmed that management had examined those
2 margins carefully. By October 2007, the Company had lived with lower margins on those products
3 for the three months (since the August 2007 acquisition). SiRF's employees, its rigorous accounting
4 system, and "Fighting Guide: MediaTek, all told SiRF that demand had plunged for its high margin
5 discrete semiconductor products. SiRF nevertheless issued Class Period statements that margins
6 would remain stable, that the combination with Centrality had exceeded Company expectations, and
7 that all three of its business segments were benefitting from customer wins under the discrete
8 SiRFstar III platform. Nor did SiRF correct these statements during the course of the Class Period,
9 as Company prospects deteriorated from impact of low-margin SoC sales.

10 66. On February 5, 2008, *Forbes.com* wrote, in an article entitled "SiRF Shares
11 Wiped-Out :

12 Shares of SiRF Technologies drowned on Tuesday.

13 The firm closed trading down 54.8%, or \$8.91, to \$7.36 after announcing
14 fourth-quarter earnings below analyst estimates.

15 SiRF Technologies, makes parts for GPS devices. The firm saw its shares fall
16 after it reported an 89% decrease in fourth-quarter profits to \$0.7 million from \$9.1
17 million the year before. The company also gave a miserable outlook for the
18 first-quarter, predicting a loss of 4 cents per share on revenue of \$71 million to \$77
19 million. Analysts polled by Thomson Financial expected, on average, profit of 24
20 cents per share on revenue of \$92.4 million.

21 SiRF is the leading supplier of global positioning system chips, supplying
22 industry-leading brands like TomTom and Garmin. Despite demand for the GPS units,
23 pricing has gone down significantly over the last year putting strain on SiRF to lower
24 prices as well.

25 "The guidance was the big bugaboo," said Jefferies analyst Adam Benjamin.
26 "We've been concerned about Portable Navigation Devices pricing pressure, but
27 thought the wireless would offset that. Handsets are a billion-unit market; as that takes
28 off that could dwarf the PND market."

Benjamin downgraded the stock to "hold" from "buy" and lowered his price
target to \$9 from \$32.

"I think over time you will see GPS in all handsets," added Benjamin, "but the
question is 'who is going to benefit from that?'"

SiRF purchased Centrality Communications, another GPS chip-maker, June
of last year, giving it the potential to be a bigger player in the wireless market. Mobile
phone currently incorporate GPS technology, but it is not widely used. The industry

1 is making a shift over to 3G, or W-CDMA standards, opening up the market
2 for next-gen mobile devices.

3 67. Analysts at Canaccord Adams wrote on February 5, 2008 that if SiRF's difficulties
4 continued it "could become a potential takeout candidate. Deutsche Bank wrote "poor quarter, poor
5 outlook, and cut its price target in half (from \$18 to \$9) because in part "We think **the Centrality**
6 **SoC products are cannibalizing stand-alone products** which saw no organic growth and even
7 steeper price declines. These trends look set to continue in coming quarters. In its report "Giant
8 Disappointment, Jefferies & Company also credited **lost share of business from TomTom (i.e.,**
9 **second sourcing)**, and order softness from **Motorola**, as likely reasons for the weak Q4. At least
10 eight analysts cut their ratings on SiRF stock as a result of the February 4, 2008 disclosures.
11 Virtually every report cited the reversal in Company margins as a basis for downgrading the stock.

12 68. As a result of SiRF's February 4, 2008 disclosures, the stock immediately collapsed
13 by 54%. By the close of trading on February 5, SiRF had dropped \$8.91 per share to \$7.36 per share,
14 on volume of 63 million shares, 30 times average three-month volume.

15 69. As late as March 25, 2008, the Company was still having difficulty with integration
16 of Centrality. On that date, SiRF issued a press release lowering its expectations for revenue in the
17 first quarter 2008, from \$71-77 million to \$60-62 million. SiRF reported that it had experienced
18 greater than expected softness in product demand in the personal navigation device market. In
19 response, SiRF also announced it would undertake a Company-wide restructuring and lay off 7% of
20 its work force.

21 70. An analyst at Pacific Crest Securities said in a March 25, 2008 report that "SiRF mis-
22 estimated the demand from legacy customers of Centrality ... **the transition is not proceeding as**
23 **orderly as they had hoped.** This stands in sharp contrast with Canning's October 2007, statement
24 that integration had progressed "extremely well . A March 25, 2008 RBC Capital Markets Equity
25 Research report found the "**inability to integrate the Centrality acquisition effectively** to be a
26 factor that could hold back the stock. A March 25, 2008 Stanford Group analyst report said
27 "Management claims that gross margins should be near the 50% expected but we are forecasting a

1 drop because **we believe the Centrality/SirfStar mix will favor the lower margin Centrality**
2 **products.** Thus, even in March 2008, contrary to defendants earlier statements, SiRF was still
3 grappling with integration of Centrality and its impact on profit margins.

4 71. In response to SiRF's March 25, 2008 disclosures, SiRF stock fell further, from \$6.89
5 to \$4.93 per share, a 28% drop on volume of over 13 million shares.

6 **LOSS CAUSATION/ECONOMIC LOSS**

7 72. On February 4, 2008, SiRF announced dramatically lower Q4 2007 margins and
8 earnings. Analysts attributed the drop to cannibalization of SiRF sales by the lower margin Centrality
9 products, and SiRF essentially admitted the same. These disclosures were contrary to earlier
10 statements about strong demand, stable margins, a successful integration of Centrality, and an
11 accelerating wireless market. The disclosures also triggered a swift and material decline in SiRF's
12 share price.

13 73. On March 25, 2008, when SiRF again missed earnings and announced layoffs,
14 analysts attributed the problems to poor integration of Centrality's business. These additional
15 disclosures in March caused a further material drop of over 28% in the price of SiRF's stock.

16 74. These market reactions to corrective disclosures are evidence of the extent to which
17 SiRF's stock price had been inflated artificially by defendants' false and misleading statements
18 during the Class Period. By issuing false and misleading statements, withholding the true facts, and
19 failing to correct mistaken information in the market until the end of the Class Period, defendants
20 caused economic loss to Lead Plaintiff and the other members of the Class.

21 **EFFICIENT MARKET**

22 75. At all relevant times, the market for SiRF's stock was an efficient market that
23 promptly digested current information with respect to the Company from all publicly available
24 sources and reflected such information in SiRF's stock price.

25 76. The common stock of SiRF met the requirements for listing, and was listed and
26 actively traded, on the NASDAQ, a highly developed and efficient market. During the class period,
27 SiRF stock was heavily traded, with average daily volume exceeding 1 million shares. SiRF filed

1 periodic public reports with the SEC, and was followed by analysts from brokerages including
2 Goldman Sachs & Co., Oppenheimer & Co. Lehman Brothers, Deutsche Bank, Jeffries & Company,
3 and Credit Suisse. The reports of these analysts were redistributed to their customers and the public
4 at large, and SiRF regularly issued press releases, which were carried by national news wires. Thus,
5 the analyst reports and SiRF's press releases entered the public marketplace. As a result, the market
6 for SiRF's stock promptly digested current information with respect to SiRF from all publicly-
7 available sources, and reflected such information in SiRF's stock price. Lead Plaintiff and other
8 members of the Class relied on the integrity of the market price of SiRF's publicly traded stock.

9 77. As would be expected when a security is traded in an efficient market, material news
10 concerning SiRF's operations, financial results, and prospects had an immediate effect on the market
11 price of SiRF stock.

12 78. At the times Lead Plaintiff purchased or otherwise acquired the Company's stock,
13 Lead Plaintiff and other members of the Class were without knowledge of the facts concerning the
14 wrongful conduct alleged herein and could not have reasonably discovered those facts.

15 CLASS ACTION ALLEGATIONS

16 79. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules
17 of Civil Procedure on behalf of all persons who purchased or otherwise acquired SiRF publicly traded
18 securities during the Class Period (the "Class"). Excluded from the Class are defendants.

19 80. The members of the Class are so numerous that joinder of all members is
20 impracticable. The disposition of their claims in a class action will provide substantial benefits to
21 the parties and the Court. SiRF has over 60 million shares of stock outstanding, owned by hundreds
22 if not thousands of persons.

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

- 26 (a) whether the 1934 Act was violated by defendants;
- 27 (b) whether defendants omitted and/or misrepresented material facts;

1 (c) whether defendants' statements omitted material facts necessary to make the
2 statements made, in light of the circumstances under which they were made, not misleading;

3 (d) whether defendants knew or deliberately disregarded that their statements were
4 false and misleading;

5 (e) whether the prices of SiRF's publicly traded securities were artificially inflated;
6 and

7 (f) the extent of damage sustained by Class members and the appropriate measure
8 of damages.

9 82. Plaintiffs claims are typical of those of the Class because plaintiff and the Class
10 sustained damages from defendants' wrongful conduct.

11 83. Plaintiff will adequately protect the interests of the Class and has retained counsel who
12 are experienced in class action securities litigation. Plaintiff has no interests which conflict with those
13 of the Class.

14 84. A class action is superior to other available methods for the fair and efficient
15 adjudication of this controversy.

16 COUNT I

17 For Violation of § 10(b) of the 1934 Act and Rule 10b-5 18 Against All Defendants

19 85. Plaintiff incorporates ¶¶ 1-84 by reference.

20 86. During the Class Period, defendants disseminated or approved the false statements
21 specified above, which they knew or deliberately disregarded were misleading in that they contained
22 misrepresentations and failed to disclose material facts necessary in order to make the statements
23 made, in light of the circumstances under which they were made, not misleading.

24 87. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

25 (a) employed devices, schemes and artifices to defraud;

26 (b) made untrue statements of material facts or omitted to state material facts
27 necessary in order to make the statements made, in light of the circumstances under which they were

1 made, not misleading; or

2 (c) engaged in acts, practices and a course of business that operated as a fraud or
3 deceit upon plaintiff and others similarly situated in connection with their purchases of SiRF publicly
4 traded securities during the Class Period.

5 88. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of
6 the market, they paid artificially inflated prices for SiRF publicly traded securities. Plaintiff and the
7 Class would not have purchased SiRF publicly traded securities at the prices they paid, or at all, if
8 they had been aware that the market prices had been artificially and falsely inflated by defendants'
9 misleading statements.

10 **COUNT II**

11 **For Violation of § 20(a) of the 1934 Act**
12 **Against All Defendants**

13 89. Plaintiff incorporates ¶¶ 1- 84 by reference.

14 90. The Individual Defendants acted as controlling persons of SiRF within the meaning
15 of §20(a) of the 1934 Act. By reason of their positions with the Company, and their ownership of
16 SiRF stock, the Individual Defendants had the power and authority to cause SiRF to engage in the
17 wrongful conduct complained of herein. SiRF controlled the Individual Defendants and all of its
18 employees. By reason of such conduct, defendants are liable pursuant to §20(a) of the 1934 Act.

19
20 **PRAYER FOR RELIEF**

21 WHEREFORE, plaintiff prays for judgment as follows:

- 22 A. Declaring this action to be a proper class action pursuant to Fed. R. Civ. P. 23;
23 B. Awarding plaintiff and the members of the Class damages, including interest;
24 C. Awarding plaintiff reasonable costs and attorneys' fees; and
25
26
27

1 D. Awarding such equitable/injunctive or other relief as the Court may deem just and
2 proper.

3 **JURY DEMAND**

4 Lead Plaintiff demands a trial by jury.

5 DATED: July 28, 2008

6 Respectfully submitted,

7 GLANCY BINKOW & GOLDBERG LLP

8
9 ***By: /s/ Michael Goldberg***
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Additional Counsel for Lead Plaintiff

1 **CERTIFICATION OF INTERESTED ENTITIES OR PERSONS**

2 Pursuant to Civil L.R. 3-16, the undersigned certifies that as of this date, other than the
3 Named parties, there is no such interest to report.

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