

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

In re SentinelOne, Inc. Securities Litigation

No. 23-cv-02786-HSG (N.D. Cal. Oct. 2, 2025) · No. 23-cv-02786-HSG · Decided October 2, 2025

SUMMARY

The United States District Court for the Northern District of California grants Defendants’ second motion to dismiss a putative securities class action concerning SentinelOne’s reporting of Annualized Recurring Revenue. The Court concludes that the Second Amended Complaint fails to plead a strong inference of scienter under the heightened requirements applicable to Exchange Act claims, including based on alleged ARR methodology changes, accounting errors, insider trading, the Attivo merger, and the core operations doctrine.

OPINION

1 2 3 4 UNITED STATES DISTRICT COURT 5 NORTHERN DISTRICT OF CALIFORNIA 6 7
IN RE SENTINELONE, INC. Case No. 23-cv-02786-HSG SECURITIES LITIGATION 8
ORDER GRANTING MOTION TO DISMISS 9 This Document Relates to All Actions Re: Dkt.
No. 76 10 11 12 13 Pending before the Court is the second motion to dismiss this putative
securities class 14 action. Dkt. No. 76.

The Court finds this matter appropriate for disposition without oral argument 15 and the matter is
deemed submitted. See Civil L.R. 7-1(b). For the reasons detailed below, the 16 Court GRANTS
the motion. 17 I. BACKGROUND 18 This is Defendants’ second motion to dismiss this
consolidated securities class action.1 19 See Dkt. No. 69 (granting first motion to dismiss).

The parties are thus familiar with the 20 allegations in this case, and the Court summarizes them
here only as relevant to the discussion 21 below. SentinelOne is a cybersecurity company that
offers its products on a subscription basis. 22 See SAC at ¶¶ 2–3, 24–27. Plaintiff contends that
the company generally follows Generally 23 Accepted Accounting Principles (“GAAP”) and
recognizes revenue ratably over the course of the 24 contract.

See id. at ¶¶ 3, 32–33. The company also tracks a non-GAAP metric, Annualized 25 Recurring
Revenue (“ARR”), which it defined at the start of the Class Period as “the annualized 26 27 1
Defendants include SentinelOne, Inc. (“SentinelOne” or the “company”); Tomer Weingarten, the 1
revenue run rate of our subscription contracts at the end of a reporting period, assuming contracts
2 are renewed on their existing terms for customers that are under subscription contracts with us.”
3 Id. According to the SAC, beginning sometime in the first quarter of fiscal year 2023, the 4

company included “annualized data consumption and usage revenue” as part of its ARR.² See id. 5 at ¶¶ 4–5.

It did not disclose the addition of this component to investors at the time or update the 6 ARR definition. See id. at ¶¶ 5, 8. Plaintiff contends that doing so was misleading and artificially 7 inflated the company’s quarterly ARR but also its year-over-year ARR growth. See id. According 8 to Plaintiff, this ARR change meant that the company’s reported ARR growth rate was comparing 9 “apples to oranges”: comparing subscription-based ARR to ARR that included both subscription 10 revenue and consumption and usage revenue.

Id. at ¶¶ 5, 8, 59. 11 On June 1, 2023, Defendants announced that SentinelOne was revising downward its 12 previously reported ARR figures for fiscal year 2023 and its projected ARR and revenue growth 13 for fiscal year 2024. Id. at ¶¶ 6–7, 71–74. Defendants explained that the company’s prior ARR 14 figures had been overstated because of its inclusion of consumption and usage revenue, which was 15 variable and was declining due to macroeconomic patterns, and because it had double-counted 16 revenue in certain circumstances.

See id. at ¶¶ 5–6, 8–9, 68–74. Specifically, in some instances, if 17 a customer renewed a contract but added additional services or upgraded their subscription tier, 18 the company did not just add the incremental increase from the “upsold” contract to its ARR 19 calculation. Id. at ¶¶ 68–69. Instead, the company included both the historic contract price and 20 the full value of the “upsold” contract price to the ARR calculation.³ See id. at ¶ 69.

This double- 21 counting occurred for approximately 200 contracts. See id. Plaintiff contends that according to a 22 confidential witness, this same double-counting error also had occurred before SentinelOne’s 23 initial public offering (“IPO”) in June 2021. Id. at ¶¶ 6, 9, 70, 118–21. 24 2 SentinelOne’s fiscal year ends on January 31 of each year. See Dkt.

No. 76 at 2, n.2. Therefore, 25 the first quarter of fiscal year 2023 began on February 1, 2022, and ended on April 30, 2022. See id.; see also SAC at ¶ 4. 26 3 As an example, assume that under a customer’s prior contract it paid \$10,000 annually, but the customer upgraded its services such that it now paid \$12,000 annually.

The company’s ARR 27 already included the prior contract price (\$10,000). But once the customer upgraded, rather than 1 On June 2, 2023, the day after the company’s announcement, SentinelOne’s stock price fell 2 by \$7.28 per share, from \$20.72 to \$13.44 per share, or more than 35%. Id. ¶ 10. 3 Based on these allegations, Lead Plaintiff Amir Gupta brings this putative class action on 4 behalf of all persons or entities that purchased or otherwise acquired SentinelOne common stock 5 between June 1, 2022 and June 1, 2023, inclusive (the “Class Period”).

See id. at ¶ 1. Plaintiff 6 alleges two causes of action under (1) Section 10(b) of the Securities Exchange Act of 1934 (the 7 “Exchange Act”) and Rule 10b-5; and (2) Section 20(a) of the

Exchange Act. See *id.* at ¶¶ 157–8 73.

As before, Defendant contends that Plaintiff has not sufficiently alleged any actionable 9 misstatement or scienter, and moves to dismiss the Second Amended Complaint in its entirety. 10 Dkt. No. 76.4 11 II. LEGAL STANDARD 12 Federal Rule of Civil Procedure 8(a) requires that a complaint contain “a short and plain 13 statement of the claim showing that the pleader is entitled to relief.” Fed.

R. Civ. P. 8(a)(2). A 14 defendant may move to dismiss a complaint for failing to state a claim upon which relief can be 15 granted under Federal Rule of Civil Procedure 12(b)(6). “Dismissal under Rule 12(b)(6) is 16 appropriate only where the complaint lacks a cognizable legal theory or sufficient facts to support 17 a cognizable legal theory.” *Mendiondo v. Centinela Hosp.*

Med. Ctr., 521 F.3d 1097, 1104 (9th Cir. 2008). To survive a Rule 12(b)(6) motion, a plaintiff must plead “enough facts to state a 19 claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). 20 A claim is facially plausible when a plaintiff pleads “factual content that allows the court to draw 21 the reasonable inference that the defendant is liable for the misconduct alleged.” *Ashcroft v. Iqbal*, 22 556 U.S. 662, 678 (2009).

In reviewing the plausibility of a complaint, courts “accept factual 23 allegations in the complaint as true and construe the pleadings in the light most favorable to the 24 nonmoving party.” *Manzarek v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 25 4 As with their initial motion to dismiss, Defendants request that the Court incorporate by 26 reference or take judicial notice of several exhibits.

Dkt. No. 76-26. Plaintiff does not object. See Dkt. No. 79 at 25. The Court previously incorporated by reference and judicially noticed all but 27 four of these documents. See Dkt. No. 69 at 4–6. The new documents are similarly materials filed 1 2008). Nonetheless, courts do not “accept as true allegations that are merely conclusory, 2 unwarranted deductions of fact, or unreasonable inferences.” *In re Gilead Scis.*

Secs. Litig., 536 3 F.3d 1049, 1055 (9th Cir. 2008). 4 At the pleading stage, a complaint alleging claims under Section 10(b) of the Exchange 5 Act and Rule 10b-5 must not only meet the requirements of Federal Rule of Civil Procedure 8, but 6 also satisfy the heightened pleading requirements of both Federal Rule of Civil Procedure 9(b) and 7 the Private Securities Litigation Reform Act (“PSLRA”).

In re Rigel Pharm., Inc. Sec. Litig., 697 8 F.3d 869, 876 (9th Cir. 2012). Under Rule 9(b), claims alleging fraud are subject to a heightened 9 pleading requirement, which requires that a party “state with particularity the circumstances 10 constituting fraud or mistake.” Fed. R. Civ. P. 9(b). Additionally, all private securities fraud 11 complaints are subject to the “more exacting pleading

requirements” of the PSLRA, which require 12 that the complaint plead with particularity both falsity and scienter.

Zucco Partners, LLC v. 13 Digimarc Corp., 552 F.3d 981, 990 (9th Cir. 2009), as amended (Feb. 10, 2009). 14 III. DISCUSSION 15 Section 10(b) of the Exchange Act provides that it is unlawful “[t]o use or employ, in 16 connection with the purchase or sale of any security registered on a national securities exchange or 17 any security not so registered... any manipulative or deceptive device or contrivance....” 15 18 U.S.C. § 78j(b).

Under this section, the SEC promulgated Rule 10b-5, which makes it unlawful, 19 among other things, “[t]o make any untrue statement of a material fact or to omit to state a 20 material fact necessary in order to make the statements made, in the light of the circumstances 21 under which they were made, not misleading.” 17 C.F.R. § 240.10b-5(b).

To prevail on a claim 22 for violations of either Section 10(b) or Rule 10b-5, a plaintiff must prove six elements: “(1) a 23 material misrepresentation or omission by the defendant; (2) scienter; (3) a connection between 24 the misrepresentation or omission and the purchase or sale of a security; (4) reliance upon the 25 misrepresentation or omission; (5) economic loss; and (6) loss causation.” Stoneridge Inv.

26 Partners, LLC v. Scientific-Atlanta, Inc., 552 U.S. 148, 157 (2008). 27 As it did in its prior order, the Court again finds that Plaintiff has failed to adequately 1 A. Scienter 2 The PSLRA requires a plaintiff to specify each statement alleged to have been misleading 3 and the reason or reasons why the statement is misleading, and show that the allegations “give rise 4 to a strong inference that the defendant acted with the required state of mind.” See Schueneman v. 5 Arena Pharm.

Inc, 840 F.3d 698, 705 (9th Cir. 2016) (quotations omitted). Thus, a plaintiff’s 6 burden “is to allege sufficiently particular facts to demonstrate a strong inference of scienter—a 7 mental state that not only covers intent to deceive, manipulate, or defraud, but also deliberate 8 recklessness.” Id. (quotations omitted).

The Ninth Circuit has defined “deliberate recklessness” 9 as more than “mere recklessness or a motive to commit fraud.” See Zucco, 552 F.3d at 991 10 (quotation omitted). “[D]eliberate recklessness is an extreme departure from the standards of 11 ordinary care... which presents a danger of misleading buyers or sellers that is either known to 12 the defendant or is so obvious that the actor must have been aware of it.” Schueneman, 840 F.3d 13 at 705 (quotation omitted) (emphasis omitted).

14 “A complaint will survive,” the Supreme Court has instructed, “only if a reasonable person 15 would deem the inference of scienter cogent and at least as compelling as any opposing inference 16 one could draw from the facts alleged.” Tellabs, Inc. v. Makor Issues & Rights, Ltd., 551 U.S.

17 308, 324 (2007). “All in all, though not impossible, this is not an easy standard to comply with — 18 it was not intended to be—and plaintiffs must be held to it.” Schueneman, 840 F.3d at 705 19 (quotation omitted).

The Court “conducts a dual inquiry when assessing whether the strong 20 inference standard is met: first, it determines whether any one of the plaintiff’s allegations is 21 alone sufficient to give rise to a strong inference of scienter; second, if no individual allegations 22 are sufficient, it conducts a ‘holistic’ review to determine whether the allegations combine to give 23 rise to a strong inference of scienter.” Glazer Cap.

Mgmt., L.P. v. Forescout Techs., Inc., 63 F.4th 24 747, 766 (9th Cir. 2023). Although some facts might be used to support both an inference of 25 scienter and an inference of falsity, the Ninth Circuit “consistently refrain[s] from co-mingling the 26 inquiries.” Id. 27 The Court finds that Plaintiff’s allegations, even when viewed holistically and in the light 1 i. ARR Methodology and Data Inaccuracies 2 Plaintiff’s asserted inference of scienter turns primarily on SentinelOne’s accounting 3 practices: Defendants changed the way SentinelOne calculated ARR and also later 4 acknowledged—and corrected—errors in its ARR calculations.

See SAC at ¶¶ 115–25. At 5 bottom, Plaintiff asks the Court to infer that because Defendants eventually revised the company’s 6 ARR calculations, Defendants must have intended to mislead investors at the time the ARR 7 calculations were initially calculated and disclosed. This is not enough, and the Court declines the 8 invitation to transform every accounting correction into an inference of scienter.

As the Court 9 previously explained, “Plaintiff may not bootstrap Defendants’ acknowledgments that the ARR 10 figures turned out to be inaccurately determined into an inference that Defendants deliberately 11 tried to mislead investors or were deliberately reckless in making the original representations.” 12 See Dkt. No. 69 at 11. 13 ARR Methodology. Plaintiff alleges that Defendants added consumption and usage 14 revenue into their ARR calculations sometime in the first quarter of fiscal year 2023, and at the 15 time did not disclose this methodological change.

See SAC at ¶¶ 4–5, 60–67, 115. Plaintiff urges 16 that this change was significant because this revenue source was “volatile.” Id. As Mr. 17 Weingarten explained, consumption and usage revenue “drives up ARR as consumption goes up, 18 but it drives down ARR significantly when consumption is not continuing to grow.” See id. at 19 ¶ 84.

Moreover, Plaintiff contends that SentinelOne’s year-over-year ARR calculations were 20 comparing fiscal year 2022 numbers that did not include consumption and usage revenue with 21 fiscal year 2023 numbers that were “boosted” by this additional revenue. See id. at ¶¶ 4–5. 22 Plaintiff also alleges that beginning in the second quarter of fiscal year 2023, Defendants adjusted

23 the definition of ARR to include “capacity contracts,” without explaining the change.⁵ See id. at 24 ¶ 66.

Plaintiff suggests that this addition may have been intended to as a “pretext” to cover 25 Defendants’ addition of consumption and usage revenue. Id. at ¶ 67. In short, Plaintiff now 26 27 5 The language in bold was added to the definition: “[T]he annualized revenue run rate of our 1 asserts that consumption and usage revenue was “new” to ARR, undisclosed, and intended to 2 project misleading growth.

Plaintiff’s string of inferences relies on a confidential witness 3 (“CW2”), who worked for the company as a senior manager in the finance department before the 4 Class Period, and states that consumption and usage revenue was not previously included in ARR. 5 See id. at ¶¶ 50, 56. But CW2 left in January 2022, before the purported methodology change 6 occurred, and the SAC thus does not include any allegations about why the change occurred, when 7 it happened, or who was involved in the decision.

All CW2 can confirm, therefore, is that 8 consumption and usage revenue was added to ARR sometime after their departure. 9 Based simply on the change to how ARR was calculated, Plaintiff asserts that “it may be 10 strongly inferred that Defendants knew (or at least recklessly disregarded)” that ARR and year- 11 over-year growth would be inflated and investors would be misled as a result.

See id. at ¶ 116. 12 But this argument is entirely circular, and conflates alleged falsity with scienter: Plaintiff believes 13 the ARR calculations were misleading, and therefore Defendants must have intended to mislead 14 investors. But Plaintiff does not plead any factual support for his contention that the methodology 15 change was intended to mislead rather than more accurately capture SentinelOne’s revenue 16 streams.⁶ Plaintiff speculates about a motive, suggesting that the company changed the way it 17 calculated ARR because of a slowing growth rate due to increased competition in the 18 cybersecurity space.

See id. at ¶ 58. But again, Plaintiff offers no allegations supporting this 19 supposition. Moreover, Plaintiff’s repeated assertion that consumption and usage revenue was 20 “volatile”—a term that Defendants also used—undermines the suggestion that Defendants altered 21 the ARR methodology to boost its numbers. See id. at ¶¶ 4, 82–83. Even as alleged, it could just 22 as easily drag ARR down as artificially inflate it.

23 Double Counting. Plaintiff similarly urges that Defendants knew or were deliberately 24 reckless in not knowing about the “double counting” of contract revenue in ARR. See SAC at 25 ¶¶ 118–25. Plaintiff contends that according to CW2, the company’s finance department had 26 identified similar discrepancies in the past. See id. at ¶¶ 6, 9, 51, 119. While at the company, 27 1 CW2 was responsible for, among other things, calculating the ARR.

See id. at ¶ 51. The SAC 2 also now states that CW2 reported directly to Mr. Bernhardt for a few months, beginning in Fall 3 2021 to January 2022.⁷ See id. at ¶ 51. But notably, the SAC does not contain any allegation that 4 CW2 ever reported instances of double counting contract revenue to Mr. Bernhardt.

In passing, 5 Plaintiff asserts that “Defendant Bernhardt himself receiv[ed] reports on the issue.” See id. at 6 ¶ 70; see also Dkt. No. 79 at 3. But that is not what the CW2 actually claimed. 7 Rather, CW2 described at a high level how the finance department calculated ARR and at 8 least some of the internal controls that the company’s finance department had in place to review 9 the calculations.

See id. at ¶¶ 52–56, 68, 119–21. CW2 explained for example, that when the 10 finance department would calculate ARR, the software the company used allowed the team to 11 extract just the incremental increase in upsold contracts. See id. at ¶ 54. CW2 also explained that 12 CW2 and members of the finance department “would conduct ‘spot checks’ in connection with 13 their finalization of reported ARR to determine if there were any discrepancies....” Id. at ¶ 119.

14 If they detected discrepancies that did not appear to arise for “legitimate reasons,” they “would 15 investigate and rectify the identified variances (including from double-counting) before any ARR 16 data was publicly reported.” See id. But CW2 only described submitting discrepancies that arose 17 for “legitimate reasons” in writing to the CFO for his approval.

See id. CW2 identified instances 18 of double counting as the kind of discrepancy that could not be explained and required 19 investigation, rather than an issue that would have been reported to the CFO. Id. at ¶¶ 119–21. 20 CW2 further noted that at some time before the Class Period and while they were still at 21 the company, such double counting discrepancies occurred.

Id. But at least according to CW2, 22 such issues “were detected in time to correct them.” Id. The SAC does not say that these issues 23 were reported to the CFO. Thus, despite Plaintiff’s insistence otherwise, there are no allegations 24 to support the inference that Defendants knew or should have known about any improper double 25 counting.

Moreover, as the Court explained in the prior motion to dismiss order, Plaintiff’s 26 allegations—including CW2’s account—actually indicate that the company had some controls in 27 1 place to detect and fix accounting errors, including the double counting at issue here. See Dkt. No. 2 69 at 12. That these controls failed to detect all instances of double counting, or that the company 3 later decided to work with auditors to enhance these controls, see SAC at ¶ 124, does not give rise 4 to an inference of scienter.

5 * * * 6 Plaintiff posits a series of intentional decisions by which Defendants (1) surreptitiously 7 altered the ARR methodology; and (2) ignored known accounting errors, all in an attempt to 8 mislead investors. But as discussed above, Plaintiff provides nothing more than unsupported post

9 hoc assertions. There are simply no well-pled allegations that support the inference that 10 Defendants knowingly or recklessly altered or miscalculated the ARR.

As explained further 11 below, Plaintiff's additional allegations similarly fall short. 12 ii. Individual Trading Activity 13 Plaintiff alleges that Defendants Weingarten and Bernhardt both sold stock during the 14 Class Period, benefiting from inflated stock prices before Defendants' June 1 disclosure. See SAC 15 at ¶¶ 131–45. Plaintiff contends that these sales were suspicious in both timing and amount, and 16 therefore add to the inference of scienter.

See *id.* at ¶ 131. 17 “While ‘suspicious’ stock sales by corporate insiders may constitute circumstantial 18 evidence of scienter, such sales only give rise to an inference of scienter when they are 19 dramatically out of line with prior trading practices at times calculated to maximize the personal 20 benefit from undisclosed inside information.” *Metzler Inv.*

GMBH v. Corinthian Colleges, Inc., 21 540 F.3d 1049, 1066–67 (9th Cir. 2008) (quotations omitted). Courts look to the following factors 22 to evaluate insider stock sales: “(1) the amount and percentage of the shares sold; (2) the timing of 23 the sales; and (3) whether the sales were consistent with the insider's trading history.” *Id.* 24 David Bernhardt. Plaintiff offers very little factual support for his assertion that Mr. 25 Bernhardt made suspicious sales during the Class Period.

Plaintiff alleges that during the Class 26 Period, Mr. Bernhardt sold 44,524 shares for approximately \$840,600. See SAC at ¶ 144. Of 27 these sales, Mr. Bernhardt sold (1) 30,784 shares for \$578,057 pursuant to 10b5-1 plans; and 1 See *id.* In the SAC, Plaintiff does not offer any detail about Mr. Bernhardt's stock sales before or 2 after the Class Period, but instead acknowledges that Mr. Bernhardt's “pre- and post-Class Period 3 trading does not show a suspiciously large deviation between those periods....” See *id.* at ¶ 145; 4 see also Dkt.

No. 79 at 24, n.25. In his opposition, Plaintiff further notes that Mr. Bernhardt only 5 “sold approximately 2% of the stocks and options he beneficially owned during the Class 6 Period....” See Dkt. No. 79 at 23. 7 Nevertheless, Plaintiff urges the Court to consider the “timing and volume” of his trades 8 for purposes of scienter. See *id.* at 24, n.25. But as already noted above, stock sales only give rise 9 to an inference of scienter “when they are dramatically out of line with prior trading practices.” 10 See *Metzler*, 540 F.3d at 1066–67.

Plaintiff has not identified anything unusual or suspicious 11 about Mr. Bernhardt's trading during the Class Period. 12 Tomer Weingarten. Plaintiff also alleges that during the Class Period, Mr. Weingarten 13 sold 1,420,447 shares for approximately \$22.82 million. See SAC at ¶ 135. Of these sales, Mr. 14 Weingarten sold (1) 182,529 shares for approximately \$3,238,491 pursuant to 10b5-1 plans; and 15 (2) 1,237,918 shares for approximately \$19,579,276.00 in the open market and outside of a trading 16 plan.

See *id.* at ¶¶ 135, 142. Plaintiff further alleges that the vast majority of these sales—1.2 17 million shares—took place over a short period of time, from December 13, 2022, to December 14, 18 2022. *Id.* at ¶¶ 137–38. 19 Unlike for Mr. Bernhardt, Plaintiff does provide some data for Mr. Weingarten’s sales both 20 before and after the Class Period. See *id.* at ¶¶ 139–41.

Plaintiff alleges that in the year preceding 21 the Class Period, Mr. Weingarten sold less than 400,000 shares. See *id.* at ¶ 140. In the year after 22 the Class Period, Mr. Weingarten sold approximately 1.7 million shares. See *id.* at ¶ 141. 23 However, Plaintiff points out that the sales both before and after the Class Period were either 24 “non-discretionary” sales in connection with the vesting or settlement of RSUs, or were sold 25 pursuant to a 10b5-1 plan.

See *id.* at ¶¶ 140–41. 26 Defendants argue that there is nothing suspicious about these sales, and that they are in fact 27 consistent with Mr. Weingarten’s pre-Class Period trading. See Dkt. No. 76 at 18–19. The SAC 1 during the Class Period. *Id.* In opposition, Plaintiff attempts to supplement his allegations in a 2 footnote. See Dkt. No. 79 at 23–24, n.23.

Plaintiff contends that Mr. Weingarten sold 24.2% of 3 his Class A and Class B stock⁸ and 13.7% of his exercisable stock options during the Class Period. 4 *Id.* The Court notes that Plaintiff’s attempt to amend the SAC in opposition is improper. Still, 5 even considering these percentages, the Court is not persuaded that they support a strong inference 6 of scienter.

See *Metzler*, 540 F.3d at 1067 (concluding that selling 37% of total holdings did not 7 support inference of scienter). 8 Plaintiff’s own cases illustrate the weakness of these allegations. In *Nursing Home 9 Pension Fund, Loc. 144 v. Oracle Corp.*, for example, Oracle’s CEO had sold just 2.1% of his 10 holdings, but for \$900 million, an amount the Ninth Circuit described as “a truly astronomical 11 figure.” 380 F.3d 1226, 1231–33 (9th Cir.

2004). The Court also highlighted that the CEO had 12 not sold any of his stock for the last five years, but then sold these shares just a month before 13 reporting lower-than-expected sales. *Id.* at 1132; accord *Johnson v. Aljian*, 394 F. Supp. 2d 1184, 14 1199–1200 (C.D. Cal. 2004), *aff’d* in part, 490 F.3d 778 (9th Cir. 2007) (finding sale of 18% of 15 defendant’s holdings suspicious where proceeds were over \$661.6 million and were made less 16 than a month after receiving insider information).

Similarly, in *In re Questcor Securities 17 Litigation*, the district court actually stated that the percentage of holdings that the defendants sold 18 during the class period, which ranged between 30 and 60%, “cut[] against a strong inference of 19 scienter.” No. SA CV 12-01623 DMG, 2013 WL 5486762, at *5, *15–18 (C.D. Cal. Oct. 1, 2013) 20 (collecting cases).

In finding that the sales were nonetheless suspicious, the court noted that all 21 but one defendant had not sold any stock at all in the 18 months prior to the class period, then 22 purchased

throughout the class period and often right after significant jumps in the stock price. Id. 23 at *16–18; see also *In re Omnivision Techs., Inc.*, No. C-04-2297 SC, 2005 WL 1867717, at *4 24 (N.D.

Cal. July 29, 2005) (finding stock sales suspicious where two defendants “more than 25 doubled the relative proportion of their shares they sold during the class period” and the others 26 “simply sold all of their shares”). 27 1 In contrast, the proceeds from Mr. Weingarten’s pre-Class Period sales and his Class 2 Period sales are nearly identical: \$19,038,000 in proceeds in the eight months before the Class 3 Period and \$19,202,000 in proceeds during the Class Period.

See Dkt. No. 76 at 19; Dkt. No. 76- 4 20, Ex. 19 (Weingarten SEC Form 4s). The timing of Mr. Weingarten’s sales also undercuts 5 rather than supports Plaintiff’s theory that they were suspicious. As noted above, the vast majority 6 of Mr. Weingarten’s Class Period sales—1.2 million of the approximately 1.4 million shares— 7 were made in December 2022. These sales, which ranged between \$15 and \$17 per share, were 8 made at prices significantly below the Class Period stock price high of \$29.33.

Compare id. at 9 ¶ 136, with Dkt. No. 76-21, Ex. 20 (Table of company’s daily closing stock prices). Plaintiff 10 offers no response to this context, which undermines the inference that Mr. Weingarten structured 11 the sales to take advantage of the alleged misstatements and maximize his profits. 12 Lastly, the Court notes that Plaintiff suggests that Mr. Weingarten’s Class Period sales are 13 suspicious because, unlike his Class Period sales, they were discretionary and outside a 10b5-1 14 plan.

See Dkt. No. 79 at 24. But Plaintiff cites no authority for this theory. As already discussed, 15 the cases that Plaintiff references in a footnote, *Oracle*, 380 F.3d at 1231–33, and *Questcor*, 2013 16 WL 5486762, at *5, *15–18, involved defendants who had not sold any stock during the pre-class 17 period.

In short, the allegations about Mr. Weingarten’s stock sales during the Class Period 18 simply do not give rise to an inference of scienter under the circumstances. 19 iii. *Attivo Merger* 20 Plaintiff also suggests that Defendants had a strong motive to artificially inflate the price of 21 the company’s stock because of a merger with *Attivo Networks, Inc.* See SAC at ¶¶ 126–30.

22 Plaintiff alleges that as part of the deal, *SentinelOne* could pay for approximately \$240 million of 23 the \$616.5 million purchase price using shares of *SentinelOne* stock. See id. at ¶ 128. 24 Accordingly, Plaintiff argues that the higher the stock price the fewer shares it would have to pay 25 to complete the purchase. See id. at ¶ 129. 26 But even as alleged, the acquisition closed on May 3, 2022, before the Class Period began.

27 See id. at ¶ 127. Plaintiff does not explain why a transaction that closed prior to the Class Period 1 can support an inference that Defendants misled investors during the Class Period itself.⁹ In any 2 event, the Ninth Circuit has held that the desire to maximize profits during a merger does

not 3 support a strong inference of scienter since this “personal profit motive is present in almost every 4 merger.” See, e.g., *Glazer Cap.*

Mgmt., LP v. Magistri, 549 F.3d 736, 748 (9th Cir. 2008) 5 (citations omitted). Despite Plaintiff’s (unsupported) suggestion otherwise, see Dkt. No. 79 at 22, 6 n.20, the fact that this deal was being funded in part by stock does not in any meaningful way alter 7 the near-universal profit motive that exists when parties are contemplating a merger, which courts 8 have found insufficient.

As with the other allegations regarding scienter, Plaintiff offers 9 supposition with little factual or legal support. 10 iv. Core Operations Doctrine 11 Lastly, Plaintiff argues that the core operations doctrine supports a strong inference of 12 scienter. See SAC at ¶ 146. “Proof under this theory is not easy.” *Police Ret. Sys. of St. Louis v. 13 Intuitive Surgical, Inc.*, 759 F.3d 1051, 1062 (9th Cir.

2014). As before, Plaintiff points out that 14 the ARR was a “key operating metric” that was reported in public filings and on earnings calls. 15 See SAC at ¶ 146. Plaintiff contends that as a result, “Defendants tracked this measure closely” 16 and there can “be no doubt that Defendants [] had extensive access to the most current available 17 ARR data....” *Id.* But the Court already rejected this argument in the prior order, and noted that 18 Plaintiff must “produce either specific admissions by one or more corporate executives of detailed 19 involvement in the minutia of a company’s operations” or “witness accounts demonstrating that 20 executives had actual involvement in creating false reports.” See Dkt.

No. 69 at 13–14 (quoting 21 *Intuitive Surgical*, 759 F.3d at 1062). Plaintiff does neither, and cannot totemically refer to the 22 core operations doctrine to support an inference of scienter. As already explained, the SAC does 23 not allege that either of the individual Defendants played a role in calculating ARR or were aware 24 of any potential inaccuracies when the relevant statements were made.

That Defendants relied on 25 26 9 The Court further notes that neither the SAC nor the opposition alleges precisely when Defendants added the allegedly misleading “annualized data consumption and usage revenue” to 27 the ARR.

The SAC simply states that this began in the first quarter of fiscal year 2023. See SAC 1 ARR and discussed ARR growth does not suggest that they had access to or involvement with the 2 underlying and allegedly misleading data. Nor does Plaintiff explain why this is the “rare 3 circumstance” where it would be “absurd” to suggest Defendants were unaware of the 4 miscalculations.

See *Intuitive Surgical*, 759 F.3d at 1062–63. 5 * * * 6 As discussed above, none of Plaintiff’s allegations alone are sufficient to plead a strong 7 inference of scienter. But even considering all Plaintiff’s allegations holistically, they still fall 8 short and are not more compelling than competing innocent inferences.

As the Court previously explained, “[t]he more convincing theory is that Defendants failed to catch certain accounting errors and at most might unintentionally have misled investors by defining ARR with less than ideal clarity.” See Dkt. No. 69 at 14. Plaintiff’s Section 10(b) claim therefore fails, and accordingly, his Section 20(a) claim likewise fails.

See Zucco, 552 F.3d at 990 (“Section 20(a) claims may be dismissed summarily... if a plaintiff fails to adequately plead a primary violation of section 10(b).”). 15 // 16 // 17 // 18 // 19 // 20 // 21 // 22 // 23 // 24 // 25 // 26 // 27 // 1 IV. CONCLUSION 2 The Court GRANTS the motion to dismiss. Dkt. No. 76. Lead Plaintiff now has had 3 ample opportunity to amend the complaint and has failed to cure the deficiencies that the Court 4 // previously identified.

As discussed above, it seems apparent that Plaintiff has little more than 5 supposition and bare assertions to support his claims. This is not enough. The Court therefore 6 // DISMISSES the case against Defendant without leave to amend. See Ramirez v. Galaza, 334 7 // F.3d 850, 860 (9th Cir. 2003) (“Leave to amend should be granted unless the pleading could not 8 // possibly be cured by the allegation of other facts, and should be granted more liberally to pro se 9 // plaintiffs.”) (quotations omitted); Zucco, 552 F.3d at 1007 (“[W]here the Plaintiff has previously 10 // been granted leave to amend and has subsequently failed to add the requisite particularity to its 11 claims, [t]he district court’s discretion to deny leave to amend is particularly broad.” (quotation 12 omitted)).

The Clerk is directed to enter judgment in favor of Defendants SentinelOne, Inc., 13 Tomer Weingarten, and David Bernhardt, and against Plaintiff and to close the case. IT IS SO ORDERED. 3 15 Dated: = 10/2/2025 5 HAYWOOD S. GILLIAM, JR. United States District Judge 18 19 20 21 22 23 24 25 26 27 28