

1 Thomas L. Laughlin, IV (*pro hac vice*)
Jonathan M. Zimmerman (*pro hac vice*)
2 SCOTT+SCOTT ATTORNEYS AT LAW LLP
The Helmsley Building
3 230 Park Avenue, 17th Floor
New York, NY 10169
4 Telephone: 212/223-6444
212/223-6334 (fax)
5 tlaughlin@scott-scott.com
jzimmerman@scott-scott.com

6
7 John T. Jasnoch (CA 281605)
SCOTT+SCOTT ATTORNEYS AT LAW LLP
600 W. Broadway, Suite 3300
8 San Diego, CA 92101
Telephone: 619-233-4565
9 Facsimile: 619-233-0508
jjasnoch@scott-scott.com

10
11 James I. Jaconette (CA 179565)
ROBBINS GELLER RUDMAN & DOWD LLP
665 West Broadway, Suite 1900
12 San Diego, CA 92101-8498
Telephone: 619-231-1058
13 Facsimile: 619-231-7423
jamesj@rgrdlaw.com

14 *Co-Lead Counsel for Plaintiffs and the Class*

15 [Additional counsel on signature page.]
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17 SUPERIOR COURT OF THE STATE OF CALIFORNIA
18 COUNTY OF SAN FRANCISCO

19
20 IN RE LYFT, INC., SECURITIES LITIGATION

Lead Case No. CGC-19-575293

CLASS ACTION

**CORRECTED CONSOLIDATED
CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE SECURITIES
ACT OF 1933**

21
22
23
24 This Document Relates To:
ALL ACTIONS

JURY TRIAL DEMANDED

1 Plaintiffs Brian Hinson, Frederic Lande, Wesley Clapper, Narendra Gupta, Liang Xue, Nathaniel
2 Pyron, Mary McCloskey, Palm Bay Police & Firefighters' Pension Fund and Greater Pennsylvania
3 Carpenters' Pension Fund (collectively, "Plaintiffs"), individually and on behalf of all others similarly
4 situated, by Plaintiffs' undersigned attorneys, allege the following based upon personal knowledge, as to
5 Plaintiffs and Plaintiffs' own acts, and upon information and belief, as to all other matters, based on the
6 investigation conducted by and through Plaintiffs' attorneys, which included, among other things, a
7 review of U.S. Securities and Exchange Commission ("SEC") filings, analyst and media reports, as well
8 as consultations and interviews with persons familiar with Lyft Inc.'s ("Lyft" or the "Company")
9 business. Plaintiffs' investigation into the matters alleged herein is continuing and many relevant facts
10 are known only to, or are exclusively within the custody and control of, the Defendants (defined below).
11 Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth
12 herein after a reasonable opportunity for formal discovery.

13 NATURE AND SUMMARY OF THE ACTION

14 1. On March 29, 2019 Lyft conducted one of the most high-profile initial public offerings
15 (the "IPO" or "Offering") in recent years, raising \$2.275 billion by selling 32.5 million shares of Class A
16 common stock to the public at a price of \$72.00 per share. The IPO was an extraordinary financial
17 windfall for Defendants. For example, Defendant Rakuten Intelligence ("Rakuten"), which had invested
18 \$700 million into Lyft, saw its stake valued at \$2.26 billion using the \$72 per share IPO price. The
19 banks who underwrote the IPO collected \$74 million in fees.

20 2. However, the IPO Registration Statement and Prospectus (collectively, the "Offering
21 Documents"), which Lyft and the other Defendants used to secure this princely sum from investors
22 contained false and misleading statements and omitted material facts, including that:

23 (a) The Company faced major liability stemming from sexual assaults by its
24 drivers. As the Company was aware, its drivers had engaged in widespread misconduct
25 against passengers, spanning the gamut from harassment to assault and rape. Moreover,
26 the Company lacked proper procedures to screen out dangerous drivers or to properly
27 address incidents when they occurred;

1 (b) The Company’s new electronic bike fleet suffered from significant
2 mechanical malfunctions. The brakes on Lyft’s 3,000 e-bikes were faulty, which had led
3 to dozens of rider injuries and necessitated a recall. Lyft was aware of these facts
4 because it received a plethora of accident reports before the IPO and the issue had already
5 been flagged by management;

6 (c) The Company had just completed a wildly unprofitable quarter. By the
7 time of the IPO, Lyft was two days away from closing the book on the worst quarter in its
8 history. Yet, Defendants did not disclose to investors that Lyft would soon report a
9 shocking loss of \$1.14 billion in the first quarter of 2019, larger than the Company’s
10 *entire* loss for 2018. Defendants also failed to disclose that the Company would no
11 longer report its “gross bookings,” despite this being the financial metric it had long
12 pointed investors to and investors had relied on as a critical measure of the Company’s
13 performance; and

14 (d) The Company had significantly overstated its market share. Indeed,
15 bizarrely, the market share claimed by Lyft in the Offering Documents was prepared
16 based on the analysis provided by Rakuten, Lyft’s largest shareholder, who stood to
17 collect a fortune from the IPO.

18 3. In the six and a half months since the IPO, the price of Lyft Class A common stock has
19 plummeted as the omitted material facts have begun to be revealed to investors. Lyft’s stock price has
20 fallen as low as \$37.70 per share, which amounts to a roughly 47.6% decline from the IPO price and
21 substantial statutory investor damages. This lawsuit seeks to recover on behalf of the investors who
22 were misled by the Offering Documents used by Defendants to conduct the IPO.

23 4. Plaintiffs bring this action under §§11, 12(a)(2), and 15 of the Securities Act of 1933 (the
24 “Securities Act”) against: (1) Lyft; (2) certain of the Company’s senior executives and directors who
25 signed the Registration Statement; (3) each of the investment banks that acted as underwriters for the
26 Offering; and (4) Rakuten, Lyft’s largest shareholder. The Securities Act protects investors and the
27 capital markets of the United States by preventing companies and underwriters from issuing shares to
28 investors by means of incomplete and inaccurate offering documents.

1 12. Plaintiff Narendra Gupta purchased shares of the Company’s Class A common stock that
2 were issued pursuant and traceable to the Registration Statement and Offering and was damaged
3 thereby.

4 13. Plaintiffs Liang Xue purchased shares of the Company’s Class A common stock that
5 were issued pursuant and traceable to the Registration Statement and Offering and was damaged
6 thereby.

7 14. Plaintiff Nathaniel Pyron purchased shares of the Company’s Class A common stock that
8 were issued pursuant and traceable to the Registration Statement and Offering and was damaged
9 thereby.

10 15. Plaintiff Mary McCloskey purchased shares of the Company’s Class A common stock
11 that were issued pursuant and traceable to the Registration Statement and Offering and was damaged
12 thereby.

13 16. Plaintiff Palm Bay Police & Firefighters’ Pension Fund (“Palm Bay”) purchased shares
14 of the Company’s Class A common stock that were issued pursuant and traceable to the Registration
15 Statement and Offering and was damaged thereby. Palm Bay purchased those shares in the IPO from
16 representatives of defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) and in response to
17 being invited to indicate interest in the IPO by those representatives at the behest of Lyft.

18 17. Plaintiff Greater Pennsylvania Carpenters’ Pension Fund (“Pennsylvania Carpenters”)
19 purchased shares of the Company’s Class A common stock that were issued pursuant and traceable to
20 the Registration Statement and Offering and was damaged thereby. Pennsylvania Carpenters’ purchased
21 those shares in the IPO from representatives of defendant Credit Suisse and in response to being invited
22 to indicate interest in the IPO by those representatives at the behest of Lyft.

23 **B. Defendants**

24 **1. The Company**

25 18. Defendant Lyft is a transportation network company based in San Francisco, California
26 that operates throughout the United States and in parts of Canada. Through the Lyft mobile platform,
27 Lyft operates a peer-to-peer marketplace for on-demand ridesharing, including access to motor vehicles,
28 shared bikes, and shared scooters. Lyft’s shares are listed and trade on the NASDAQ under the ticker

1 symbol “LYFT.” Lyft designated numerous personnel in the working group for the IPO, including its
2 Chief Executive Officer (“CEO”), President, and Chief Financial Officer (“CFO”), all of whom
3 reviewed and approved the Offering Documents and participated in the preparation and delivery of road
4 show presentations and related scripts or talking points. Lyfts’ representatives at the road show pitched
5 investors in the IPO at meetings, during calls and on webcasts.

6 **2. The Individual Defendants**

7 19. At the time of the IPO, Defendant Logan Green (“Green”), who co-founded the Company
8 with Defendant John Zimmer (“Zimmer”), was serving as Chief Executive Officer and as a director on
9 Lyft’s board of directors (the “Board”). As the top Lyft executive in the IPO working group, Defendant
10 Green reviewed and approved, and participated in making, statements in the Registration Statement,
11 which he signed. He also reviewed, edited and approved the IPO’s road show PowerPoint presentation,
12 road show talking points, and script, and participated in making the false and misleading statements
13 alleged herein at the road show as Lyft’s CEO.

14 20. At the time of the IPO, Defendant Zimmer, who co-founded the Company with
15 Defendant Green, was serving as President and Vice Chairman of the Board. Defendant Zimmer
16 reviewed and approved, and participated in making, statements in the Registration Statement, which he
17 signed. He also reviewed, edited, and approved the IPO’s road show PowerPoint presentation, road
18 show talking points, and script, and participated in making the false and misleading statements alleged
19 herein at the road show as Lyft’s President.

20 21. At the time of the IPO, Defendant Brian Roberts (“Roberts”) was serving as Chief
21 Financial Officer. Defendant Roberts reviewed and approved, and participated in making, statements in
22 the Registration Statement, which he signed. He also reviewed, edited and approved the IPO’s road
23 show PowerPoint presentation, road show talking points, and script, and participated in making the false
24 and misleading statements alleged herein at the road show as Lyft’s CFO.

25 22. At the time of the IPO, Defendant Prashant (Sean) Aggarwal (“Aggarwal”) was serving
26 as Chairman of the Lyft Board. Defendant Aggarwal participated in the preparation of, signed or
27 authorized the signing of the Registration Statement.

1 23. At the time of the IPO, Defendant Ben Horowitz (“Horowitz”) was a director on the Lyft
2 Board. Defendant Horowitz participated in the preparation of, signed or authorized the signing of the
3 Registration Statement.

4 24. At the time of the IPO, Defendant Valerie Jarrett (“Jarrett”) was a director on the Lyft
5 Board. Defendant Jarrett participated in the preparation of, signed or authorized the signing of the
6 Registration Statement.

7 25. At the time of the IPO, Defendant David Lawee (“Lawee”) was a director on the Lyft
8 Board. Defendant Lawee participated in the preparation of, signed or authorized the signing of the
9 Registration Statement.

10 26. At the time of the IPO, Defendant Hiroshi Mikitani (“Mikitani”) was a director on the
11 Lyft Board. Defendant Mikitani participated in the preparation of, signed or authorized the signing of
12 the Registration Statement.

13 27. At the time of the IPO, Defendant Ann Miura-Ko (“Miura-Ko”) was a director on the
14 Lyft Board. Defendant Miura-Ko participated in the preparation of, signed or authorized the signing of
15 the Registration Statement.

16 28. At the time of the IPO, Defendant Mary Agnes (Maggie) Wilderotter (“Wilderotter”) was
17 a director on the Lyft Board. Defendant Wilderotter participated in the preparation of, signed or
18 authorized the signing of the Registration Statement.

19 29. Defendants Green, Zimmer, Roberts, Aggarwal, Horowitz, Jarrett, Lawee, Mikitani,
20 Miura-Ko, and Wilderotter are collectively referred to herein as the “Individual Defendants.”
21 Defendants Green, Zimmer and Roberts are sometimes referred to herein as the “Executive Defendants.”

22 **3. The Underwriter Defendants**

23 30. The following underwriters were also instrumental in soliciting and making the stock
24 offered in the IPO available to the investing public:

Name	Number of Shares
J.P. Morgan Securities LLC	10,400,000
Credit Suisse Securities (USA) LLC	8,775,000
Jefferies LLC	4,387,500
UBS Securities LLC	1,982,500

Name	Number of Shares
Stifel, Nicolaus & Company, Incorporated	1,300,000
RBC Capital Markets, LLC	1,462,500
KeyBanc Capital Markets Inc.	1,462,500
Cowen and Company, LLC	325,000
Raymond James & Associates, Inc.	325,000
Canaccord Genuity LLC	260,000
Evercore Group L.L.C.	260,000
Piper Jaffray & Co.	260,000
JMP Securities LLC	227,500
Wells Fargo Securities, LLC	227,500
KKR Capital Markets LLC	81,250
Academy Securities, Inc.	65,000
Blaylock Van, LLC	65,000
Penserra Securities LLC	65,000
Siebert Cisneros Shank & Co., L.L.C.	65,000
The Williams Capital Group, L.P.	65,000
CastleOak Securities, L.P.	48,750
C.L. King & Associates, Inc.	48,750
Drexel Hamilton, LLC	48,750
Great Pacific Securities	48,750
Loop Capital Markets LLC	48,750
Mischler Financial Group, Inc.	48,750
Samuel A. Ramirez & Company, Inc.	48,750
R. Seelaus & Co., LLC	48,750
Tigress Financial Partners LLC	48,750

31. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) was an underwriter of the Company’s Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the Company’s false and misleading Registration Statement and Prospectus. J.P. Morgan acted as a representative of all the underwriters. J.P. Morgan also participated in conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual Defendants who participated in the roadshow, including lodging and travel, among other expenses. J.P. Morgan’s participation in the solicitation of the Offering was motivated by its financial interests. Defendant J.P. Morgan conducts business in the state of California.

32. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) was an underwriter of the Company’s Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the Company’s false and misleading Registration Statement and Prospectus. Credit

1 Suisse acted as a representative of all the underwriters. Credit Suisse also participated in conducting and
2 promoting the roadshow for the Offering and paying for the expenses of the Individual Defendants who
3 participated in the roadshow, including lodging and travel, among other expenses. Credit Suisse's
4 participation in the solicitation of the Offering was motivated by its financial interests. Defendant Credit
5 Suisse conducts business in the state of California.

6 33. Defendant Jefferies LLC ("Jefferies") was an underwriter of the Company's Offering,
7 serving as a financial advisor for and assisting in the preparation and dissemination of the Company's
8 false and misleading Registration Statement and Prospectus. Jefferies acted as a representative of all the
9 underwriters. Jefferies also participated in conducting and promoting the roadshow for the Offering and
10 paying for the expenses of the Individual Defendants who participated in the roadshow, including
11 lodging and travel, among other expenses. Jefferies's participation in the solicitation of the Offering
12 was motivated by its financial interests. Defendant Jefferies conducts business in the state of California.

13 34. Defendant UBS Securities LLC ("UBS") was an underwriter of the Company's Offering,
14 serving as a financial advisor for and assisting in the preparation and dissemination of the Company's
15 false and misleading Registration Statement and Prospectus. UBS also participated in conducting and
16 promoting the roadshow for the Offering and paying for the expenses of the Individual Defendants who
17 participated in the roadshow, including lodging and travel, among other expenses. UBS's participation
18 in the solicitation of the Offering was motivated by its financial interests. Defendant UBS conducts
19 business in the state of California.

20 35. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus") was an
21 underwriter of the Company's Offering, serving as a financial advisor for and assisting in the
22 preparation and dissemination of the Company's false and misleading Registration Statement and
23 Prospectus. Stifel Nicolaus also participated in conducting and promoting the roadshow for the Offering
24 and paying for the expenses of the Individual Defendants who participated in the roadshow, including
25 lodging and travel, among other expenses. Stifel Nicolaus's participation in the solicitation of the
26 Offering was motivated by its financial interests. Defendant Stifel Nicolaus conducts business in the
27 state of California.

1 36. Defendant RBS Capital Markets, LLC (“RBS”) was an underwriter of the Company’s
2 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
3 Company’s false and misleading Registration Statement and Prospectus. RBS also participated in
4 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
5 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
6 RBS’s participation in the solicitation of the Offering was motivated by its financial interests.
7 Defendant RBS conducts business in the state of California.

8 37. Defendant KeyBanc Capital Markets Inc. (“KeyBanc”) was an underwriter of the
9 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
10 dissemination of the Company’s false and misleading Registration Statement and Prospectus. KeyBanc
11 also participated in conducting and promoting the roadshow for the Offering and paying for the
12 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
13 among other expenses. KeyBanc’s participation in the solicitation of the Offering was motivated by its
14 financial interests. Defendant KeyBanc conducts business in the state of California.

15 38. Defendant Cowen and Company, LLC (“Cowen”) was an underwriter of the Company’s
16 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
17 Company’s false and misleading Registration Statement and Prospectus. Cowen also participated in
18 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
19 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
20 Cowen’s participation in the solicitation of the Offering was motivated by its financial interests.
21 Defendant Cowen conducts business in the state of California.

22 39. Defendant Raymond James & Associates, Inc. (“Raymond James”) was an underwriter of
23 the Company’s Offering, serving as a financial advisor for and assisting in the preparation and
24 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Raymond
25 James also participated in conducting and promoting the roadshow for the Offering and paying for the
26 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
27 among other expenses. Raymond James’s participation in the solicitation of the Offering was motivated
28 by its financial interests. Defendant Raymond James conducts business in the state of California.

1 40. Defendant Canaccord Genuity LLC (“Canaccord”) was an underwriter of the Company’s
2 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
3 Company’s false and misleading Registration Statement and Prospectus. Canaccord also participated in
4 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
5 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
6 Canaccord’s participation in the solicitation of the Offering was motivated by its financial interests.
7 Defendant Canaccord conducts business in the state of California.

8 41. Defendant Evercore Group L.L.C. (“Evercore”) was an underwriter of the Company’s
9 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
10 Company’s false and misleading Registration Statement and Prospectus. Evercore also participated in
11 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
12 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
13 Evercore’s participation in the solicitation of the Offering was motivated by its financial interests.
14 Defendant Evercore conducts business in the state of California.

15 42. Defendant Piper Jaffray & Co. (“Piper Jaffray”) was an underwriter of the Company’s
16 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
17 Company’s false and misleading Registration Statement and Prospectus. Piper Jaffray also participated
18 in conducting and promoting the roadshow for the Offering and paying for the expenses of the
19 Individual Defendants who participated in the roadshow, including lodging and travel, among other
20 expenses. Piper Jaffray’s participation in the solicitation of the Offering was motivated by its financial
21 interests. Defendant Piper Jaffray conducts business in the state of California.

22 43. Defendant JMP Securities LLC (“JMP”) was an underwriter of the Company’s Offering,
23 serving as a financial advisor for and assisting in the preparation and dissemination of the Company’s
24 false and misleading Registration Statement and Prospectus. JMP also participated in conducting and
25 promoting the roadshow for the Offering and paying for the expenses of the Individual Defendants who
26 participated in the roadshow, including lodging and travel, among other expenses. JMP’s participation
27 in the solicitation of the Offering was motivated by its financial interests. Defendant JMP conducts
28 business in the state of California.

1 44. Defendant Wells Fargo Securities, LLC (“Wells Fargo”) was an underwriter of the
2 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
3 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Wells
4 Fargo also participated in conducting and promoting the roadshow for the Offering and paying for the
5 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
6 among other expenses. Well Fargo’s participation in the solicitation of the Offering was motivated by
7 its financial interests. Defendant Wells Fargo conducts business in the state of California.

8 45. Defendant KKR Capital Markets LLC (“KKR”) was an underwriter of the Company’s
9 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
10 Company’s false and misleading Registration Statement and Prospectus. KKR also participated in
11 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
12 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
13 KKR’s participation in the solicitation of the Offering was motivated by its financial interests.
14 Defendant KKR conducts business in the state of California.

15 46. Defendant Academy Securities, Inc. (“Academy”) was an underwriter of the Company’s
16 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
17 Company’s false and misleading Registration Statement and Prospectus. Academy also participated in
18 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
19 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
20 Academy’s participation in the solicitation of the Offering was motivated by its financial interests.
21 Defendant Academy conducts business in the state of California.

22 47. Defendant Blaylock Van, LLC (“Blaylock”) was an underwriter of the Company’s
23 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
24 Company’s false and misleading Registration Statement and Prospectus. Blaylock also participated in
25 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
26 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
27 Blaylock’s participation in the solicitation of the Offering was motivated by its financial interests.
28 Defendant Blaylock conducts business in the state of California.

1 48. Defendant Penserra Securities LLC (“Penserra”) was an underwriter of the Company’s
2 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
3 Company’s false and misleading Registration Statement and Prospectus. Penserra also participated in
4 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
5 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
6 Penserra’s participation in the solicitation of the Offering was motivated by its financial interests.
7 Defendant Penserra conducts business in the state of California.

8 49. Defendant Siebert Cisneros Shank & Co., L.L.C (“Siebert”) was an underwriter of the
9 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
10 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Siebert
11 also participated in conducting and promoting the roadshow for the Offering and paying for the
12 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
13 among other expenses. Siebert’s participation in the solicitation of the Offering was motivated by its
14 financial interests. Defendant Siebert conducts business in the state of California.

15 50. Defendant The Williams Capital Group, L.P. (“Williams Capital”) was an underwriter of
16 the Company’s Offering, serving as a financial advisor for and assisting in the preparation and
17 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Williams
18 Capital also participated in conducting and promoting the roadshow for the Offering and paying for the
19 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
20 among other expenses. Williams Capital’s participation in the solicitation of the Offering was motivated
21 by its financial interests. Defendant Williams Capital conducts business in the state of California.

22 51. Defendant CastleOak Securities, L.P. (“CastleOak”) was an underwriter of the
23 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
24 dissemination of the Company’s false and misleading Registration Statement and Prospectus.
25 CastleOak also participated in conducting and promoting the roadshow for the Offering and paying for
26 the expenses of the Individual Defendants who participated in the roadshow, including lodging and
27 travel, among other expenses. CastleOak’s participation in the solicitation of the Offering was
28 motivated by its financial interests. Defendant CastleOak conducts business in the state of California.

1 52. Defendant C.L. King & Associates, Inc. (“C.L. King”) was an underwriter of the
2 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
3 dissemination of the Company’s false and misleading Registration Statement and Prospectus. C.L. King
4 also participated in conducting and promoting the roadshow for the Offering and paying for the
5 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
6 among other expenses. C.L. King’s participation in the solicitation of the Offering was motivated by its
7 financial interests. Defendant C.L. King conducts business in the state of California.

8 53. Defendant Drexel Hamilton, LLC (“Drexel”) was an underwriter of the Company’s
9 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
10 Company’s false and misleading Registration Statement and Prospectus. Drexel also participated in
11 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
12 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
13 Drexel’s participation in the solicitation of the Offering was motivated by its financial interests.
14 Defendant Drexel conducts business in the state of California.

15 54. Defendant Great Pacific Securities (“Great Pacific”) was an underwriter of the
16 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
17 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Great
18 Pacific also participated in conducting and promoting the roadshow for the Offering and paying for the
19 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
20 among other expenses. Great Pacific’s participation in the solicitation of the Offering was motivated by
21 its financial interests. Defendant Great Pacific conducts business in the state of California.

22 55. Defendant Loop Capital Markets LLC (“Loop Capital”) was an underwriter of the
23 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
24 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Loop
25 Capital also participated in conducting and promoting the roadshow for the Offering and paying for the
26 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
27 among other expenses. Loop Capital’s participation in the solicitation of the Offering was motivated by
28 its financial interests. Defendant Loop Capital conducts business in the state of California.

1 56. Defendant Mischler Financial Group, Inc. (“Mischler”) was an underwriter of the
2 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
3 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Mischler
4 also participated in conducting and promoting the roadshow for the Offering and paying for the
5 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
6 among other expenses. Mischler’s participation in the solicitation of the Offering was motivated by its
7 financial interests. Defendant Mischler conducts business in the state of California.

8 57. Defendant Samuel A. Ramirez & Company, Inc. (“Ramirez”) was an underwriter of the
9 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
10 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Ramirez
11 also participated in conducting and promoting the roadshow for the Offering and paying for the
12 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
13 among other expenses. Ramirez’s participation in the solicitation of the Offering was motivated by its
14 financial interests. Defendant Ramirez conducts business in the state of California.

15 58. Defendant R. Seelaus & Co, LLC (“Seelaus”) was an underwriter of the Company’s
16 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
17 Company’s false and misleading Registration Statement and Prospectus. Seelaus also participated in
18 conducting and promoting the roadshow for the Offering and paying for the expenses of the Individual
19 Defendants who participated in the roadshow, including lodging and travel, among other expenses.
20 Seelaus’s participation in the solicitation of the Offering was motivated by its financial interests.
21 Defendant Seelaus conducts business in the state of California.

22 59. Defendant Tigress Financial Partners LLC (“Tigress”) was an underwriter of the
23 Company’s Offering, serving as a financial advisor for and assisting in the preparation and
24 dissemination of the Company’s false and misleading Registration Statement and Prospectus. Tigress
25 also participated in conducting and promoting the roadshow for the Offering and paying for the
26 expenses of the Individual Defendants who participated in the roadshow, including lodging and travel,
27 among other expenses. Tigress’s participation in the solicitation of the Offering was motivated by its
28 financial interests. Defendant Tigress conducts business in the state of California.

1 60. Defendants listed in ¶¶30-59 are collectively referred to herein as the “Underwriter
2 Defendants.”

3 61. Pursuant to the Securities Act, the Underwriter Defendants are liable for the false and
4 misleading statements in the Offering’s Registration Statement and Prospectus. The Underwriter
5 Defendants’ failure to conduct adequate due diligence investigations was a substantial factor leading to
6 the harm complained of herein.

7 62. The Underwriter Defendants are primarily investment banking houses that specialize,
8 *inter alia*, in underwriting public offerings of securities. As the underwriters of the Offering, the
9 Underwriter Defendants earned lucrative underwriting fees as a result of their participation in the
10 Offering.

11 63. In addition, the Underwriter Defendants met with potential investors and presented highly
12 favorable, but materially incorrect and/or materially misleading, information about the Company, its
13 business, products, plans, and financial prospects, and/or omitted to disclose material information
14 required to be disclosed under the federal securities laws and applicable regulations promulgated
15 thereunder.

16 64. Representatives of the Underwriter Defendants also assisted the Company, Individual
17 Defendants, and Rakuten in planning the Offering. They further purported to conduct an adequate and
18 reasonable investigation into the business, operations, products, and plans of the Company, an
19 undertaking known as a “due diligence” investigation. During the course of their “due diligence,” the
20 Underwriter Defendants had continual access to confidential corporate information concerning the
21 Company’s business, financial condition, products, plans, and prospects.

22 65. In addition to having access to internal corporate documents, the Underwriter Defendants
23 and/or their agents, including their counsel, had access to the Company’s lawyers, management,
24 directors, and top executives to determine: (i) the strategy to best accomplish the Offering; (ii) the terms
25 of the Offering, including the price at which the Company’s Class A common stock would be sold; (iii)
26 the language to be used in the Offering Documents; (iv) what disclosures about the Company would be
27 made in the Offering Documents; and (v) what responses would be made to the SEC in connection with
28 its review of the Offering Documents. As a result of those constant contacts and communications

1 between the Underwriter Defendants’ representatives and the Company’s management and top
2 executives, at a minimum, the Underwriter Defendants should have known of the Company’s
3 undisclosed existing problems and plans and the material misstatements and omissions contained in the
4 Offering Documents, as detailed herein.

5 66. The Underwriter Defendants also demanded and obtained an agreement from Lyft that
6 Lyft would indemnify and hold the Underwriter Defendants harmless from any liability under the
7 federal securities laws. They also made certain that Lyft had purchased millions of dollars in directors’
8 and officers’ liability insurance.

9 67. The Underwriter Defendants caused the Registration Statement to be filed with the SEC
10 and declared effective in connection with offers and sales of the Company’s shares pursuant and/or
11 traceable to the Offering and relevant offering materials, including to Plaintiffs and the Class.

12 **4. Additional Control Person Defendant**

13 68. Defendant Rakuten, Inc. (“Rakuten”), through its wholly-owned subsidiary Rakuten
14 Europe S.a.r.l., owned 31.39 million shares of Lyft’s Class A common stock at the time of the IPO, or
15 13.05% of Lyft’s outstanding common stock.

16 69. Defendant Mikitani is the CEO and Chairman of Rakuten, and his membership on the
17 Lyft Board was obtained in connection with Rakuten’s investment in the Company.

18 70. In April 2017, Lyft sold 6,220,839 shares of its Series G redeemable convertible
19 preferred stock to Sparrowhawk Partners, Inc. (“Sparrowhawk”), an affiliate of Rakuten, at a purchase
20 price of \$32.15 per share, for an aggregate purchase price of nearly \$200 million. Then Rakuten
21 purchased more than five million of Lyft’s Series H redeemable convertible preferred stock between
22 November 2017 and March 2018 at a purchase price of \$39.7461 per share. The shares of Series G
23 redeemable convertible preferred stock sold to Sparrowhawk, which were subsequently transferred to an
24 entity affiliated with Rakuten, along with the Series H redeemable convertible preferred stock, would
25 convert to Class A common stock in connection with the IPO.

26 71. Rakuten is a party to an Investors’ Rights Agreement and Voting Agreement with Lyft.
27 The Investors’ Rights Agreement requires that Lyft “file a registration statement or request that their
28 shares of [Lyft] capital stock be covered by a registration statement that [it] [was] otherwise filing,” and

1 states that, “[p]ursuant to certain of [Lyft’s] equity compensation plans and certain agreements with [its]
2 stockholders, including a right of first refusal and co-sale agreement, dated as of June 27, 2018, [Lyft] or
3 [its] assignees have a right to purchase shares of [Lyft] capital stock which stockholders propose to sell
4 to other parties.” Pursuant to the Voting Agreement with Lyft and other large shareholders, Rakuten and
5 those parties “have agreed to vote their shares of [Lyft’s] capital stock on certain matters, including with
6 respect to the election of directors.”

7 72. In addition, the Offering Documents cite rideshare market share figures provided by
8 Rakuten, which it states were “based on the number of rides provided by drivers using Lyft or Uber . . .
9 gathered by Slice Technologies, Inc., doing business as Rakuten Intelligence,” noting that “Rakuten, Inc.
10 . . . is the parent company of Rakuten Intelligence, and entities affiliated with Rakuten [held] more than
11 5% of [Lyft’s] outstanding Class A common stock” prior to the IPO. According to the Offering
12 Documents, “[d]uring the years ended December 31, 2016, 2017, and 2018, [Lyft] purchased certain
13 marketing services in the amount of \$0.8 million, \$0.8 million and \$1.4 million, respectively, from
14 Rakuten Intelligence,” and “[d]uring the years ended December 31, 2017 and 2018, [Lyft] purchased
15 certain marketing services in the amount of \$0.5 million and \$2.6 million, respectively, from Rakuten
16 Marketing.”

17 73. As a result of these agreements, its vast stock ownership and designation of a director,
18 Rakuten either direct or indirectly controlled the contents of and/or dissemination of the Offering
19 Documents.

20 74. Lyft, the Individual Defendants, the Underwriter Defendants, and Rakuten are
21 collectively referred to herein as the “Defendants.”

22 **SUBSTANTIVE ALLEGATIONS**

23 **I. FACTUAL BACKGROUND**

24 75. Defendant Lyft is a transportation network company based in San Francisco, California
25 that operates in 640 cities in the United States and nine cities in Canada. Beginning in 2012, Lyft sought
26 to change transportation by launching its peer-to-peer marketplace for on-demand ridesharing. Today,
27 Lyft develops, markets, and operates the Lyft mobile app, which affords riders the ability to select the
28 mode of transportation suited to their specific needs. Lyft provides a multimodal platform that offers

1 riders on-demand access to a variety of transportation options. Since its launch, Lyft has generated
2 revenue by collecting service fees and commissions from drivers for their use of its ridesharing
3 marketplace.

4 76. The Company also generates revenue from bike and scooter rentals, which Lyft added to
5 its suite of services in November 2018 through the acquisition of Bikeshare Holdings LLC (“Motivate”),
6 the largest bikeshare operator in North America with its 2017 revenue of approximately \$100 million.
7 Pursuant to its agreement, Lyft acquired Motivate’s technology and corporate functions, including its
8 city contracts. At the time of the acquisition, Lyft stated that Motivate accounted for approximately 80
9 percent of bike-share trips in the U.S. and was responsible for the growth of the country’s most ridden
10 bikeshare systems, including the following city contracts: Citi Bike (New York), Ford GoBike (San
11 Francisco Bay area), Divvy (Chicago), Bluebikes (Boston Metro area), Capital Bikeshare (Washington,
12 D.C. metro area), BIKETOWN (Portland), CoGo (Columbus, Ohio), and Nice Ride (Minneapolis). In
13 addition, on November 29, 2018, the day the acquisition of Motivate closed, New York City Mayor Bill
14 de Blasio announced that New York City and Lyft planned to dramatically expand Citi Bike, tripling its
15 size to 40,000 bikes. As part of the Motivate acquisition, Lyft also committed to invest \$100 million in
16 the bikesharing system for the New York metro area over the next five years and assumed certain pre-
17 existing contractual obligations to increase the bike fleets in other locations. Motivate rolled out a fleet
18 of electric bikes in San Francisco, New York and Washington D.C. between April and September 2018.

19 77. Lyft repeatedly described the acquisition of Motivate as a key driver of its future growth.
20 In a blog post announcing the acquisition, the Company wrote: “Together Lyft and Motivate will
21 revolutionize urban transportation and put bike-share systems across the country on a path toward
22 growth and innovation.” Lyft further stated it would “invest to establish bike offerings in our major
23 markets and pursue growth and innovation in the markets where Motivate currently operates” and that
24 “[t]his [was] an exciting moment for both Lyft and Motivate. Between us, we already serve tens of
25 millions of riders every month, and we can’t wait to combine our unique talents to support cities in their
26 efforts to bring sustainable transportation like bikeshare and rideshare to millions more people.” After
27 the acquisition, Lyft claimed to be the largest bikeshare service in the U.S.

1 78. Lyft's primary competitor for on-demand ridesharing is Uber Technologies, Inc.
2 ("Uber"), the world's largest ride share company. Uber was founded in 2009 and operates as a
3 multinational transportation network company offering many of the same services as Lyft, including
4 peer-to-peer ridesharing, ride service hailing, and a bikesharing system (after Uber's acquisition of
5 Social Bicycles, Inc. ("Jump") in April 2018). In contrast to Lyft, which is singularly focused on
6 transportation, Uber also offers food delivery and freight shipping services. Historically, Uber has held
7 a much larger market share than Lyft.

8 79. On March 29, 2019, in what appeared to be a race against Uber to be first to list its shares
9 on a public exchange, Lyft conducted an IPO through which it offered 32.5 million shares to the public
10 at a price of \$72.00 per share for anticipated total proceeds of over \$2.275 billion. Uber conducted its
11 IPO less than two months later, on May 10, 2019.

12 **II. THE OFFERING DOCUMENTS CONTAINED MATERIALLY UNTRUE AND** 13 **MISLEADING STATEMENTS**

14 80. On March 1, 2019, Lyft filed a draft Registration Statement on Form S-1 with the SEC,
15 which would later be utilized for the IPO following several amendments. On March 28, 2019, the SEC
16 declared the Registration Statement effective. On or about March 28, 2019, Lyft and the Underwriter
17 Defendants priced the IPO, and on March 29, 2019, Lyft filed the final Prospectus for the IPO, which
18 forms part of the Registration Statement (collectively, the "Offering Documents"). The IPO closed on
19 April 2, 2019, two days after the last day of Lyft's first quarter.

20 81. The Offering Documents used to effectuate Lyft's IPO were negligently prepared and, as
21 a result, contained untrue statements of material facts or omitted to state other facts necessary to make
22 the statements made not misleading with respect to: (1) the major liability the Company faced stemming
23 from sexual assaults by its drivers; (2) safety issues regarding the Company's bikesharing business; (3)
24 the Company's financial reporting and prospects; and (4) the Company's market share.

25 **A. Misstatements and Omissions Regarding Sexual Assault Liability and Safety** 26 **Policies**

27 82. Lyft's reputation as a safer, more responsible Company than Uber was a major selling
28 point for investors. As was later reported by the Washington Post,

1 Lyft has risen to prominence – including raising billions of dollars by going public this
2 year – in large part by touting a ‘woke’ image. Part of its success has been drawing a
3 contrast with rival Uber, which lost waves of customers after accusations of fostering a
4 ‘tech bro’ culture that enabled misconduct. . . . As Lyft prepared in March to go public, it
said in a filing that its reputation is key to differentiating itself from Uber, ‘We have built
a brand that balances our mission-driven ethos with a friendly, hospitality-oriented
personality.’”

5 Siddiqui Faiz, *How Lyft Lost the Trust of #DeleteUber Women*, WASHINGTON POST, August 2, 2019.

6 83. For example, the Offering Documents are replete with references to Lyft’s commitment
7 to social responsibility and trust:

8 To advance our mission, we aim to build the defining brand of our generation and *to*
9 *promote a company culture based on our unique values and commitment to social*
10 *responsibility*. We believe that our brand represents freedom at your fingertips: freedom
11 from the stresses of car ownership and freedom to do and see more. In addition, our core
12 values focus on authenticity, empathy and support for others and encourage our team
13 members to take initiative. These values have given rise to a unique company culture
that fosters an amazing community of drivers, riders and employees, and *has helped*
establish Lyft as a widely-trusted and recognized brand. We believe many users are
loyal to Lyft because of our values, brand and commitment to social responsibility.

14 [Emphasis added.]

15 84. The Offering Documents emphasized the importance of Lyft’s brand positioning, stating
16 that consumers were drawn to “Mission-Driven Brands”: “Consumers, especially millennials, are
17 gravitating towards brands that value community engagement and embrace social and environmental
18 responsibility. 88% of millennials expect companies to produce and communicate the results of
19 corporate social responsibility efforts, and 89% of consumers are likely to switch brands to one that is
20 associated with a good cause, given similar price and quality.”

21 85. The Offering Documents further emphasized Lyft’s culture, values, authenticity and
22 social responsibility as a reason “Why Lyft Wins”:

23 *Culture and Values.* Our core values are Be Yourself, Uplift Others and Make it
24 Happen. *Our team members, who uphold our values and live our mission every day,*
are at the forefront of cultivating and spreading this culture across the drivers, riders
25 *and communities we serve.* This continuous interaction across the entire Lyft
community creates a *virtuous* cycle which further reinforces our culture and fuels our
26 growth.

27 *Authentic Brand.* We believe the authenticity of our culture and values positions us to
28 build the defining brand of our generation. Our brand embodies a commitment to
exceptional offerings and social responsibility. We have built a brand that balances our

1 mission-driven ethos with a friendly, hospitality-oriented personality. *The strength of*
2 *our brand is a key driver of our ability to attract and retain users and serves as a*
3 *strategic differentiator. We believe that affinity for our brand will continue to*
4 *strengthen as consumers increasingly gravitate towards brands that are purpose-driven*
5 *and emphasize corporate social responsibility.*

6 [Emphasis added.]

7 86. Lyft repeatedly emphasized its focus on trust, safety and reliability throughout the
8 Offering Documents:

9 (a) “We are focused on continuing to build our platform with the characteristics that
10 are critical to winning and maintaining strong user relationships at scale: size, marketplace
11 density, brand affinity, *trust*, affordability, *reliability* and expertise in building and scaling
12 networks”;

13 (b) “Building community and having a positive local impact is fundamental to who
14 we are. We approach working with our partners, cities and municipalities in a collaborative
15 manner and seek to establish mutually beneficial relationships based on *trust, respect* and a
16 common objective of improving people’s lives by improving transportation”;

17 (c) “[W]e believe that the strength of our brand, our *trusted* relationships with riders
18 and our expertise in operating a ridesharing network at scale, as well as our two-pronged strategy
19 to bring autonomous vehicles to market, will be competitive advantages that will enable us to
20 capture value in the emerging autonomous vehicle ecosystem”;

21 (d) “*We care deeply about the users* on our platform and work to build long-term
22 relationships with them by: . . . focusing intensely on the user experience; engendering a sense of
23 mutual respect and fair treatment; and promoting *trust and safety* within our network.”; and

24 (e) “*We believe that the principal competitive factors in our market include* the
25 following: . . . brand; *trust, safety, reliability* and privacy.”

26 87. The Offering Documents also emphasized safety, along with trust, as one of the
27 Company’s core concerns and top priorities:

28 *Trust and Safety. Safety is our top priority, and establishing a community built on*
trust and safety is paramount to our success.

Trust and Safety. In the beginning, our Co-Founders interviewed every driver personally because establishing trust and safety has always been the top priority in building a successful community. Additionally, since day one we have run extensive background and safety checks on drivers before they are approved to provide rides on our platform. During the ride, we have designed numerous safety features into the Lyft experience, such as Share Route, which allows riders to share their location with family and friends, and Amp, a dashboard beacon that helps riders identify their drivers' vehicles. To help us uphold high community standards, we give both drivers and riders the opportunity to rate each other after a ride. If a driver is rated three stars or below, Lyft reviews the situation and contacts the rider if necessary to follow-up on the ride experience.

[Emphasis added.]

88. The Offering Documents listed Lyft's commitment to trust and safety as one of its foundations and touted how Lyft established an award-winning customer support team to respond promptly and adequately to customer complaints:

Our Commitment to Trust & Safety

A strong guiding principle since day one has been to build a community that drivers and riders trust. ***Trust is the foundation of our relationship with drivers and riders on our platform, and we take significant measures every day that are focused on their safety. This dedication led our customer support to be recently named number one in Newsweek's 2019 America's Best Customer Service rankings for the Taxi and Peer-to-Peer Ridesharing category. To ensure we are delivering exceptional service levels and upholding high quality standards, we have established our Customer Experience and Trust, or CET, team as a key part of our organization.*** With over 700 employees as of December 31, 2018, CET is in charge of fielding customer support inquiries and is available through multiple channels, including via self-service and assisted support directly within our apps. Our CET team focuses on driving results based on experience-based metrics including First Contact Resolution, which is the number of support tickets resolved during first contact with a driver or rider, and Net Promoter Score. ***CET aims to eliminate bad customer experiences, quickly resolve problems when they occur and maintain trust with drivers and riders.*** We also use third parties to help Lyft deliver best-in-class support.

The ways we promote safety include:

- ***Critical Response Line.*** Our Trust & Safety team, consisting of 298 employees as of December 31, 2018, is a team of specialists within CET that handle sensitive issues regarding behavior or safety incidents on our platform. Available 24/7, they work with many teams on highly visible cases to provide a high quality of care.
- ***Driving Record and Background Checks.*** Every driver is screened before they are permitted to drive on our platform, starting with professional third-party background and driving record checks. To promote a consistently high-quality experience,

1 we ensure vehicles meet our criteria for vehicle age before drivers
2 are accepted to drive these vehicles on our platform.

- 3 • **Two-Way Ratings.** Our two-way ratings system helps promote the
4 safety and comfort of the Lyft community by offering a channel
5 for drivers and riders to provide instant feedback on their Lyft
6 experiences. At the end of each ride, drivers and riders are
7 prompted to rate each other on a scale of 1-5 stars. Our ratings
8 system allows drivers and riders to provide anonymous feedback.
9 We take rider ratings and driver feedback very seriously. If a user
10 is rated three stars or below, we take immediate action to
11 understand and remediate the situation.
- 12 • **Zero-Tolerance Policy.** Lyft maintains a zero-tolerance drug and
13 alcohol policy for drivers on our platform. We also do not allow
14 riders to have open alcohol containers in-ride and can deactivate
15 riders from the platform for violating this policy.

16 [Emphasis added.]

17 89. The statements in ¶¶83-88 were materially inaccurate, misleading, and/or incomplete
18 because they failed to disclose that: (i) the Company faced massive legal and reputational liability from
19 scores of sexual assaults perpetrated by drivers prior to the IPO and that; (ii) the Company’s own safety
20 and response policies were wholly inadequate. As would later be disclosed in news articles and class
21 action complaints, there has been a serious sexual assault issue among Lyft’s drivers since 2015, with
22 serious incidents occurring in the months immediately preceding the IPO. In addition, Lyft has avoided
23 taking the necessary steps to correct the problem for fear that they would result in its drivers being
24 classified as “employees” rather than contractors, triggering certain legal and financial obligations. At
25 the time of the IPO, Lyft was actively fighting efforts by the state of California to make it easier to
26 classify Lyft drivers as employees. By laying out strict behavioral rules or offering in-depth sexual
27 harassment training, Lyft would increase the risk that its drivers would be deemed subject to Lyft’s
28 supervision and, therefore, employees. Moreover, at the time of the IPO, Lyft lacked basic safety
features such as a “panic button.” It also lacked a “continuous background check” policy to screen out
problematic drivers, a policy Uber had instituted in 2018.

90. Although these issues existed at the time of the Offering, the Company failed to disclose
them. Instead, the Company merely included generalized “risk factors” in the Offering Documents. For
example, regarding its reputation and brand exposure, the Company stated:

1 ***Our reputation, brand and the network effects among the drivers and riders on our***
2 ***platform are important to our success, and if we are not able to continue developing***
3 ***our reputation, brand and network effects, our business, financial condition and***
4 ***results of operations could be adversely affected.***

5 We believe that building a strong reputation and brand as a safe, reliable and affordable
6 platform and continuing to increase the strength of the network effects among the drivers
7 and riders on our platform are critical to our ability to attract and retain qualified drivers
8 and riders. The successful development of our reputation, brand and network effects will
9 depend on a number of factors, many of which are outside our control. Negative
10 perception of our platform or company ***may*** harm our reputation, brand and networks
11 effects, including as a result of:

- 12 • ***complaints or negative publicity about us, drivers on our***
13 ***platform, riders, our offerings or our policies and guidelines, even***
14 ***if factually incorrect or based on isolated incidents;***
- 15 * * *
- 16 • a failure to operate our business in a way that is consistent with our
17 values and mission;
- 18 • inadequate or unsatisfactory user support service experiences;
- 19 • illegal or otherwise inappropriate behavior by our management
20 team or other ***employees or contractors;***

21 ***If*** we do not successfully develop our brand, reputation and network effects and
22 successfully differentiate our offerings from competitive offerings, our business ***may*** not
23 grow, we ***may*** not be able to compete effectively and we ***could*** lose existing qualified
24 drivers or existing riders or fail to attract new qualified drivers or new riders, any of
25 which ***could*** adversely affect our business, financial condition and results of operations.

26 91. The Company also stated the following with regard to potential liability in relation to
27 assaults committed by users:

28 ***We could be subject to claims from riders, drivers or third parties that are harmed***
whether or not our platform is in use, which could adversely affect our business,
brand, financial condition and results of operations.

We are regularly subject to claims, lawsuits, investigations and other legal proceedings
relating to injuries to, or deaths of, riders, drivers or third parties that are attributed to us
through our offerings. We ***may*** also be subject to claims alleging that we are directly or
vicariously liable for the acts of the drivers on our platform. We ***may*** be subject to
personal injury claims whether or not such injury actually occurred as a result of activity
on our platform. For example, third parties have in the past asserted legal claims against
us in connection with personal injuries related to the actions of a driver or rider who may
have previously utilized our platform, but was not at the time of such injury. We have
incurred expenses to settle personal injury claims, which we sometimes choose to settle
for reasons including expediency, protection of our reputation and to prevent the
uncertainty of litigating, and we expect that such expenses will continue to increase as
our business grows and we face increasing public scrutiny.

1 [Emphasis added.]

2 92. The Company also stated the following with regard to any potential failure to maintain
3 Lyft's "company culture":

4 Our company culture has contributed to our success and *if* we cannot maintain this
5 culture as we grow, our business *could* be harmed. *We believe that our company*
6 *culture, which promotes authenticity, empathy and support for others, has been critical*
7 *to our success.* We face a number of challenges that *may* affect our ability to sustain our
8 corporate culture, including:

- 9 • failure to identify, attract, reward and retain people in leadership
10 positions in our organization who share and further our culture,
11 values and mission;
- 12 • the increasing size and geographic diversity of our workforce;
- 13 • competitive pressures to move in directions that may divert us
14 from our mission, vision and values;
- 15 • the continued challenges of a rapidly-evolving industry;
- 16 • the increasing need to develop expertise in new areas of business
17 that affect us;
- 18 • negative perception of our treatment of employees or our response
19 to employee sentiment related to political or social causes or
20 actions of management; and
- 21 • the integration of new personnel and businesses from acquisitions.

22 *If* we are not able to maintain our culture, our business, financial condition and results of
23 operations *could* be adversely affected.

24 [Emphasis added].

25 93. These supposed "risk factors" were materially inaccurate, misleading, and/or incomplete
26 because they suggested that there was only a contingent possibility of a problem when, in fact, the risks
27 related to Lyft's sexual assaults and deficient policies *had already come to pass.* By the time of the
28 IPO, many serious assaults had occurred and Lyft had exacerbated the problem with a failure to properly
supervise its drivers and respond to the assaults themselves.

1 **B. Misstatements and Omissions Regarding Bike Safety Issues**

2 94. Second, the Offering Documents also lauded Lyft’s acquisition of Motivate, making the
3 following representations concerning the purpose behind the Company’s acquisition of the bikesharing
4 outfit:

5 We are investing in the expansion of our scooter network and have expanded into shared
6 bikes with our recent acquisition of Motivate, the largest bike sharing platform in the
7 United States.

8 * * *

9 On November 30, 2018 (the Closing Date), the Company completed its acquisition of
10 Motivate, a New York-headquartered bikeshare company, for cash consideration of
11 \$250.9 million. *The purpose of the acquisition is to establish a solid foothold in the
12 bikeshare market and offer access to new transportation options on the Lyft Platform.*

13 * * *

14 Lyft bikes are standard and electric pedal-assist bicycles. *Through our acquisition of
15 Motivate, the largest bike sharing platform in the United States, we are well-positioned
16 to lead sustainable mobility in the markets we serve.* This platform brings expertise in
17 managing bike share systems in partnership with cities and local governments across the
18 country, currently operating in nine major cities across the United States. *In 2017, there
19 were more than 35 million bike share trips in the United States, of which 74% were on
20 Motivate systems.*

21 [Emphasis added.]

22 95. The Offering Documents emphasized that Lyft was focused on leading the market in
23 innovation and that its bikesharing business, as part of its multimodal platform, was a key driver of that
24 goal, touting that its offerings “include an expanded set of transportation modes, such as access to a
25 network of shared bikes and scooters for shorter rides and first-mile and last-mile legs of multimodal
26 trips.”

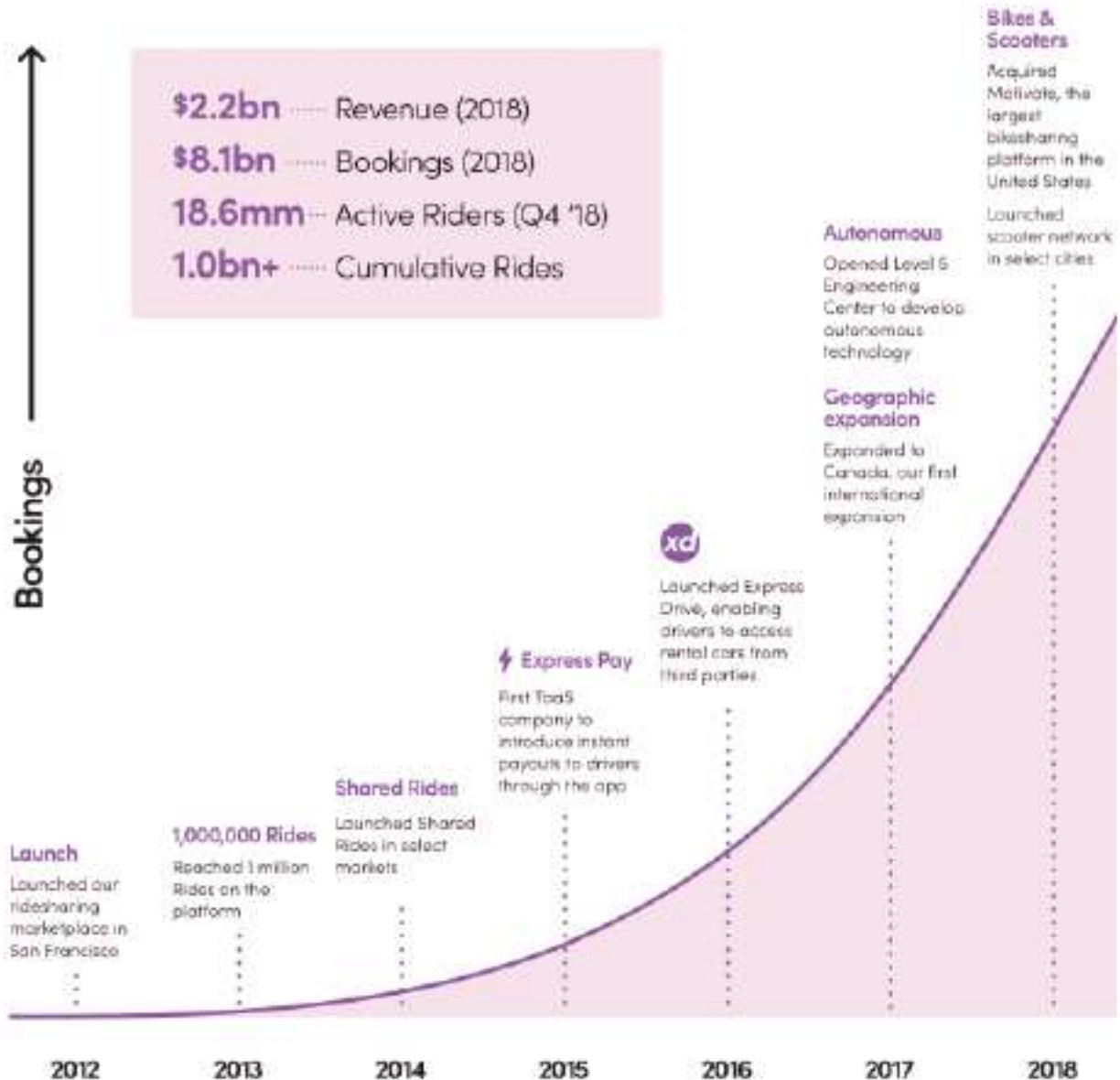


1 96. Lyft also emphasized its “Singular Focus on Transportation” and “Innovative Multimodal
2 Platform” as reasons “Why Lyft Wins” in the Offering Documents. In contrast to Uber, which also
3 offers food delivery and freight services, Lyft stated that it was “singularly focused on revolutionizing
4 transportation,” which purportedly enabled the Company “to continually address the needs of a diverse
5 and evolving user base through innovative offerings, scale [its] user network and grow [its] market
6 share.” The Offering Documents represented that Lyft’s multimodal platform included “a network of
7 shared bikes and scooters in a number of cities to address the needs of riders who are looking for lower-
8 priced, more active and often more efficient options for short trips during heavy traffic. These modes
9 can also help supplement the first mile and last mile of a multimodal trip with public transit.”

10 97. The Offering Documents also focused on Lyft’s bikesharing business as part of Lyft’s
11 “Growth Strategy,” which included both: (1) “Expand[ing] [its] Multimodal Offerings . . . to address a
12 wide range of transportation needs . . .[and] increase[] rider engagement,” and (2) the “Emergence of
13 New Modes of Transportation[,]” including networks of shared bikes and scooters, which “provide
14 affordable options, potentially more efficient first-mile and last-mile rides and access for communities
15 that have been historically underserved.”

16 98. The Motivate acquisition and Lyft’s growing bikesharing program was also prominently
17 highlighted in a graph illustrating the Company’s growing revenue:

Evolution of Lyft



99. Further, the Offering Documents emphasized Lyft’s access to and reliance on real-time data regarding its bikes and scooters:

Beyond facilitating our ridesharing marketplace, we also utilize data-driven insights to improve our network of shared bikes and scooters. For our Lyft Scooters offering, we use data science and real-time analytics to understand and predict rider behavior and scooter movement. This informs our on-the-ground operations teams. Our platform technology helps us pinpoint optimal scooter distribution and rebalancing, which helps reduce operational costs, maximize scooter availability and improve riders’ experience.

1 100. The Offering Documents also repeatedly represented Lyft’s commitment to safety with
2 its bike and scooter offerings:

3 Our network of shared bikes and scooters is our first extension to modes addressing
4 shorter trip lengths. Bikes and scooters are also the most affordable transportation
5 options on our platform to date. Our strategy is to work closely with cities on the
6 deployment of bikes and scooters. ***We are committing to high safety standards for the
operation of bikes and scooters on our platform to best serve our riders and broader
communities.***

7 [Emphasis added.]

8 101. The Offering Documents further listed “The ways we promote safety” for

9 Bikes and Scooters. ***Safety is a key tenet that guides our work with bikes and scooters.***
10 We are providing the necessary education and support for all riders and are working with
11 partners to provide the capital and technology solutions to expand protected bike lanes
and reduce speeding. We are working with organizations, like Together For Safer Roads,
that collaborate with local bike and pedestrian advocates to help protect our community
members. We are also giving away free helmets in select markets for our riders.

12 [Emphasis added.]

13 102. The statements in ¶¶94-101 were materially inaccurate, misleading, and/or incomplete
14 because they failed to disclose that thousands of the bikes in Lyft’s rideshare program suffered from
15 safety issues that would lead to their recall. By the time of the IPO, Lyft’s bikesharing program was
16 experiencing severe and pervasive safety issues that were reported with very high frequency. In 2018,
17 Motivate added electric bikes to its fleet and while safety problems persisted with Motivate’s classic
18 bikes, safety problems began appearing with Motivate’s electric bikes as well. Among the problems
19 reported with the electric bikes were issues with the motorized pedal assist function and the bike’s
20 brakes. The brakes were not working properly, and the pedal assist went to fast, which caused riders to
21 crash.

22 103. The problems with Motivate’s bikes were occurring with such frequency and severity that
23 it became a “public safety issue, not just a customer complaint issue.” There were reports of people
24 suffering scrapes, bruising, broken ankles, and broken arms.

25 104. Motivate management was notified of these bike problems. Members of Motivate’s
26 management moved over to Lyft after the acquisition in November 2018. Thus, months before the
27 IPO, Lyft was aware of the problems plaguing Motivate’s classic and electric bikes. Further, every
28

1 crash and complaint was logged in Motivate’s system, which Lyft obtained full access to, including
2 engineering and customer service records.

3 105. In addition, the Company stated in the Offering Documents that “Our business in part
4 depends on our ability to efficiently grow and further develop our network of shared bikes and scooters,
5 which *may* not grow as we expect or become profitable over time.” The Offering Documents stated the
6 following regarding the safety of Lyft’s bikes and scooters:

7 In addition, the market for our other offerings, such as our network of shared bikes and
8 scooters, is new and unproven, and it is uncertain whether demand for bike and scooter
9 sharing will continue to grow and achieve wide market acceptance. Our success will
10 depend to a substantial extent on the willingness of people to widely-adopt ridesharing
11 and our other offerings. If the public does not perceive ridesharing or our other offerings
12 as beneficial, or chooses not to adopt them as a result of concerns regarding safety,
affordability or for other reasons, whether as a result of incidents on our platform or on
our competitors’ platforms or otherwise, then the market for our offerings *may* not further
develop, *may* develop more slowly than we expect or *may* not achieve the growth
potential we expect, any of which could adversely affect our business, financial condition
and results of operations.

13 * * *

14 Negative perception of our platform or company *may* harm our reputation, brand and
15 networks effects, including as a result of: . . . a failure to detect a defect in our
autonomous vehicles or our bikes or scooters. . . .

16 * * *

17 If we are unable to efficiently grow and further develop our network of shared bikes and
18 scooters, which *may* not grow as we expect or become profitable over time, and manage
the related risks, our business, financial condition and results of operations *could* be
19 adversely affected. . . . Even if we are able to successfully develop and implement our
network of shared bikes and scooters, there *may* be heightened public skepticism of this
20 nascent service offering. In particular, there *could* be negative public perception
surrounding bike and scooter sharing, including the overall safety and the potential for
21 injuries occurring as a result of accidents involving an increased number of bikes and
scooters on the road. Such negative public perception *may* result from incidents on our
platform or incidents involving our competitors’ offerings.

22 * * *

23 Our bikes and scooters or components thereof, including bikes and scooters and
24 components that we design and contract to manufacture using third-party suppliers, *may*
experience quality problems or defects from time to time, which *could* result in decreased
25 usage of our network of shared bikes and scooters. There can be no assurance we will be
able to detect and fix all defects in our bikes and scooters. Failure to do so *could* result in
26 lost revenue, litigation or regulatory challenges, including personal injury or products
liability claims, and harm to our reputation.

27 * * *

1 Our bikes and scooters *may* experience quality problems from time to time, which *could*
2 result in product recalls, injuries, litigation, enforcement actions and regulatory
3 proceedings, and could adversely affect our business, brand, financial condition and
4 results of operations. We design and contract to manufacture, and directly and indirectly
5 modify, maintain and repair, bikes and scooters for our network of shared bikes and
6 scooters. Such bikes and scooters *may* contain defects in their design, materials and
7 construction or may be improperly maintained or repaired. These defects or improper
8 maintenance or repair *could* unexpectedly interfere with the intended operations of the
9 bikes or scooters, which could result in injuries to riders.

6 [Emphasis added.]

7 106. These supposed “risk factors” were materially inaccurate, misleading, and/or incomplete
8 because they suggested that there was only a contingent possibility of a problem when, in fact, there was
9 a known problem with respect to Lyft’s bicycles.

10 107. Similarly, the Company stated that Lyft “*could* be subject to claims from riders, drivers,
11 and third parties that are harmed whether or not our platform is in use, which *could* adversely affect our
12 business, brand, financial condition and results of operations,” stating further:

13 As we expand our network of shared bikes and scooters, we *may* be subject to an
14 increasing number of claims, lawsuits, investigations or other legal proceedings related to
15 injuries to, or deaths of, riders of our bikes and scooters. Any such claims arising from
16 the use of our bikes and scooters, regardless of merit or outcome, *could* lead to negative
17 publicity, harm to our reputation and brand, significant legal, regulatory or financial
18 exposure or decreased use of our bikes and scooters.

16 [Emphasis added.]

17 108. Again, this supposed “risk factor” was materially inaccurate, misleading, and/or
18 incomplete because it suggested that there was only a contingent possibility of a problem when, in fact,
19 there was a known problem with respect to Lyft’s bicycles.

20 **C. Misstatements and Omissions Regarding Financial Performance and Reporting**

21 109. The Offering Documents included data regarding the Company’s Bookings and Revenues
22 as a Percentage of Booking as a key metric emphasizing the growth in both. In the beginning pages, the
23 Offering Documents stated, “We generated Bookings of \$1.9 billion, \$4.6 billion and \$8.1 billion in
24 2016, 2017 and 2018, respectively, representing year-over-year growth of 141% from 2016 to 2017 and
25 76% from 2017 to 2018.” The Offering Documents then listed Bookings and Revenue as a Percentage
26 of Bookings under “Other Key Business and Non-GAAP Metrics.”
27
28

1 110. The Offering Documents also included a graph (*see* ¶98, *supra*), which tracks the growth
2 in Bookings against key developments since Lyft’s launch from 2012 through 2018.

3 111. The Offering Documents stated that Bookings were a “key indicator” of growth for the
4 business and a key metric to analyze revenue growth:

5 Bookings reflects the total dollar value of transportation spend that we facilitate through
6 our platform, excluding the reductions below. *We believe this is a key indicator of the*
7 *utility of transportation solutions provided through our multimodal platform, as well as*
8 *the scale and growth in our business.*

9 *Our Bookings represents the amounts from which we earn our revenue and we expect*
10 *that our revenue will grow as our Bookings grows. Accordingly, we exclude from*
11 *Bookings amounts from which we would not generate revenue, such as pass-through*
12 *amounts paid to drivers as our calculation of service fees and commissions excludes*
13 *such amounts.*

14 [Emphasis added.]

15 112. The Offering Documents likewise described “Revenue as a Percentage of Bookings as a
16 “key measure” that the Company expected to increase in the future stating:

17 *Over the periods presented, our Revenue as a Percentage of Bookings has improved as*
18 *we have increased service fees and commissions, improved the efficiency and*
19 *effectiveness of driver incentives, which reduces the amount of incentives that have the*
20 *effect of decreasing revenue, and reduced market-wide price adjustment promotions*
21 *offered to ridesharing riders. The growth rate in Revenue as a Percentage of Bookings*
22 *increased significantly in the first and second quarters of 2017 as more riders used our*
23 *platform and we experienced increased usage of our platform by riders, which enabled*
24 *us to provide more earnings opportunities for drivers and generate increased service*
25 *fees and commissions. The growth rate in Revenue as a Percentage of Bookings*
26 *increased significantly in the second and fourth quarters of 2018 as we increased*
27 *service fees and commissions in line with the industry, and had greater efficiency and*
28 *effectiveness of our driver incentives, respectively. We expect our Revenue as a*
Percentage of Bookings to continue to increase over time as we improve the utilization
of driver hours, increase the efficiency of driver incentives and grow revenue from our
network of shared bikes and scooters and from the Select Express Drive Partner.

[Emphasis added.]

113. The Offering Documents also utilized these metrics in explaining the growth in Lyft’s
revenue between 2016 and 2018 stating:

1 2016 Compared to 2017

2 Revenue increased \$716.6 million, or 209%, in the year ended December 31, 2017
3 compared to the prior year. ***The increase was driven by a 141% increase in Bookings
4 and a 28% increase in Revenue as a Percentage of Bookings. . . . Revenue as a
5 Percentage of Bookings increased 28%, from 18% for the year ended December 31,
6 2016 to 23% for the year ended December 31, 2017.*** This five percentage point
7 improvement in Revenue as a Percentage of Bookings was driven by increased service
8 fees and commissions, which contributed approximately two percentage points, greater
9 efficiency and effectiveness of driver incentives, which contributed approximately two
10 percentage points, and a reduction in market-wide price adjustment promotions offered to
11 ridesharing riders, which contributed approximately one percentage point.

12 2017 Compared to 2018

13 Revenue increased \$1.1 billion, or 103%, in the year ended December 31, 2018 compared
14 to the prior year. ***The increase was driven by a 76% increase in Bookings and a 17%
15 increase in Revenue as a Percentage of Bookings. . . . Revenue as a Percentage of
16 Bookings increased four percentage points from 23% for the year ended December 31,
17 2017 to 27% for the year ended December 31, 2018.*** This four percentage point
18 improvement in Revenue as a Percentage of Bookings was driven by greater efficiency
19 and effectiveness of driver incentives, which contributed approximately two percentage
20 points, increased service fees and commissions, which contributed approximately one
21 percentage point and revenue from the Select Express Drive Partner program, which
22 contributed approximately one percentage point.

23 [Emphasis added.]

24 114. The statements in ¶¶109-113 were materially inaccurate, misleading, and/or incomplete
25 because they failed to disclose that the Company would no longer include these “key” indicators of
26 revenue and growth in its earnings reports. In fact, when Lyft reported earnings for the first quarter of
27 2019 on May 7, 2019 – less than five weeks after touting Bookings and Revenue as a Percentage of
28 Bookings data in the Offering Documents – the Company did not include these “key” metrics.

 115. Defendants’ undisclosed intention at the time of the Offering not to include these metrics
in the future was material, as investors’ ability to predict future sales and profit margins was hampered
without this information. As BARRON’S observed:

Gross bookings . . . represent the amount of money Lyft would ultimately like to report as
revenue.

Ride-hailing profitability is hotly debated on Wall Street – how fast and how much money
businesses such as Uber Technologies (UBER) and Lyft can earn on a sustainable basis.

1 While the debate rages on, what most analysts agree on is that the big money will be
2 available when autonomous-driving technology advances to the point where Uber and
Lyft aren't as reliant on human drivers to ferry customers to and fro.

3 Investors would like to know the gross bookings figure to better predict future profit
4 margins. To a bullish Lyft investor, gross bookings are what future sales can be.

5 See Al Root, *Lyft's Gift to Investors After Its IPO? Less Information*, BARRON'S (May 8, 2019) (last
6 updated 10:41 am ET).

7 116. Further, the statements are misleading because while they touted the growth in key
8 revenue metrics they failed to disclose that Lyft was in the midst of historic losses. Indeed, Lyft
9 reported a massive \$1.14 billion 1Q2019 loss and projected loss for the full year at a concerning \$3.3
10 billion.

11 **D. Misstatements and Omissions Regarding Market Share**

12 117. The Offering Documents touted the growth of Lyft's business and market share:

13 Our values, brand, innovation and focused execution have driven significant growth in
14 market share and in the number of users on our platform. As ridesharing becomes more
mainstream, we believe that users are increasingly choosing a ridesharing platform based
15 on brand affinity and value alignment. ***Our U.S. ridesharing market share was 39% in
December 2018, up from 22% in December 2016.*** This growth comes from both new
16 drivers and riders as well as increased ride frequency. For the quarter ended December
31, 2018, we had 18.6 million Active Riders and over 1.1 million drivers who provided
rides.¹

17 Our revenue was \$343.3 million, \$1.1 billion and \$2.2 billion in 2016, 2017 and 2018,
18 respectively, representing year-over-year growth of 209% from 2016 to 2017 and 103%
from 2017 to 2018.

19 [Emphasis added.]

20 118. The Offering Documents reaffirmed these representations by making the following
21 statements concerning Lyft's business and market share:

22 We operate in a competitive market and must continue to compete effectively in order to
23 grow, improve our results of operations and achieve and maintain long-term profitability.
We are one of the largest and fastest-growing multimodal transportation networks in the
24 United States and Canada. Our main ridesharing competitors in the United States and
Canada include Uber, Gett (Juno) and Via. Our main competitors in the bike and scooter
25 sharing market include Uber (Jump), Lime and Bird. We also compete with taxi cab and
livery companies, traditional automotive manufacturers and developers of autonomous
26

27 ¹ According to the Registration Statement, "Active Riders" is defined as "all riders who take at
least one ride on [Lyft's] multimodal platform through the Lyft app during a quarter."
28

1 vehicle technology that may compete with us in the future, including Alphabet (Waymo).
2 ***Although we face intense competition, our values, brand, innovation and focused***
3 ***execution have driven increased ridesharing market share in the United States,***
4 ***growing from 22% in December 2016 to 39% in December 2018.***

5 [Emphasis added.]

6 119. The Offering Documents also repeatedly emphasized that “Transportation is a Massive
7 Market Opportunity” and that “Lyft currently addresses a substantial majority of this massive market, and
8 we intend to further extend our offerings to capture more of this opportunity in the future.”

9 120. The Offering Documents further stated, in a footnote, that the reported market share
10 figures were “based on the number of rides provided by drivers using Lyft or Uber and were gathered by
11 Slice Technologies, Inc., doing business as Rakuten Intelligence. Rakuten, Inc., or Rakuten, is the parent
12 company of Rakuten Intelligence, and entities affiliated with Rakuten currently hold more than 5% of our
13 outstanding Class A common stock.” In addition, on the same day as the Company’s IPO, Lyft’s co-
14 founders Green and Zimmer emphasized Lyft’s market share gain and position were key selling points to
15 IPO investors in a CNBC interview. Specifically, Defendant Zimmer stated, “People are choosing Lyft.
16 You’ve seen our market share go from just over 20% to nearly 40% across the U.S., and yes, Lyft is
17 focused on consumer transportation, focused on North America, and focused on taking care of our drivers
18 and passengers, and that’s paying off.”

19 121. The statements in ¶¶117-120 were materially inaccurate, misleading, and/or incomplete
20 because they failed to disclose that Lyft’s claimed ridesharing position was substantially overstated.
21 Just days after the Lyft IPO closed, Uber filed its Form S-1 with the SEC on April 11, 2019. Uber’s
22 Form S-1 claimed a market share of greater than 65% in the United States and Canada, calling into
23 serious question Lyft’s purported claim of 39% market share. Several analysts also questioned Lyft’s
24 market share calculations. In April 2019, Credit Suisse noted, “we believe the current market share split
25 between Lyft and Uber is about 29% versus 71% for the US,” and Guggenheim Partners “conclude[d]
26 from all of the above that LYFT’s share may be overstated at 39%.” HSBC also believed the market
27 share for Lyft to be “30% market share vs. Uber’s 70%.”

28 122. Further, a more reliable market share analysis from data company Second Measure, an
independent credit-card based source that analyzes purchases from millions of anonymized U.S.

1 shoppers put Lyft’s market share at closer to 28% in the U.S., compared to 69% for Uber and a small
2 percentage for all others.

3 123. Lyft’s claimed market share figures are further undermined by the fact that they “were
4 gathered by Slice Technologies, Inc., doing business as Rakuten Intelligence,” an entity affiliated with
5 Rakuten, the Company’s largest investor. Rakuten invested \$300 million in Lyft in 2015, when the
6 ridesharing company was in the midst of competing for market share against Uber, which had
7 significantly more cash. Rakuten’s investment was key to Lyft’s ability to compete with Uber, which, at
8 the time, was trying to decimate Lyft’s business. Rakuten’s CEO, Hiroshi Mikitani, also sits on Lyft’s
9 board and shared the stage with Lyft’s co-founders at the inaugural Rakuten Optimism Conference held
10 in San Francisco in September 2018. Since 2015, Rakuten has invested about \$700 million into Lyft.
11 This investment made Rakuten the biggest investor in Lyft with over 31 million shares and 13%
12 ownership of the Company. That stake was worth \$2.26 billion, after Lyft priced its IPO at \$72 per
13 share – a price buttressed by Lyft’s claimed market share. Several news outlets commented on
14 Rakuten’s “windfall” from Lyft’s IPO.

15 **E. The Offering Documents Failed to Comply with Applicable Regulations**

16 124. In addition, SEC Regulation S-K, 17 C.F.R. §229.303 (“Item 303”) imposed an
17 independent duty on Defendants to disclose in the Offering Documents any known events or
18 uncertainties that Lyft “reasonably expects will have a material favorable or unfavorable impact on the
19 sales or revenues or income from continuing operations.” Lyft violated Item 303 by failing to disclose
20 that, at the time of the IPO: (1) Lyft faced substantial liability stemming from sexual assaults that had
21 already occurred and inadequate policies that were already in place; (2) thousands of its bikes were
22 mechanically defective and causing accidents; (3) the Company would no longer report key metrics
23 indicative of Lyft’s growth and revenue and that the Company had suffered an outstanding \$1.1 billion +
24 loss in 1Q2019; and (4) the Company’s market share was overstated. These problems were likely to
25 (and in fact did) materially and adversely affect Lyft’s future results and prospectus.

26 125. Further, 17 C.F.R. §229.503(c) (“Item 503”) also imposes an independent duty on
27 Defendants to ensure that the “Risk Factors” section of the Offering Documents discuss “the most
28 significant factors that make the offering speculative or risky” and that each risk factor “adequately

1 describes the risk.” Lyft’s discussions of risk factors did not mention, much less adequately describe,
2 the significant risks posed by Lyft’s exposure to liability related to sexual assaults by the Company’s
3 drivers. Indeed, as detailed above, the Offering Documents mention “sexual misconduct” only once in
4 relation to its decision to abandon mandatory arbitration for these claims; the Offering Documents
5 nowhere discuss the actual true state of Lyft’s sexual harassment policies or Lyft’s sexual assault issue.
6 Indeed, the Offering Documents mention the risk of “assault” only in relation to assaults by Lyft *users*,
7 not Lyft *drivers*. Additional specific risks not adequately described in the Offering Documents
8 included: (1) the risk that its electric bike fleet was already experiencing severe and pervasive safety
9 issues that would require the recall of thousands of bikes; and (2) the risk that its market share was
10 substantially overstated.

11 126. With the foregoing materially untrue and misleading statements in the Offering
12 Documents, the IPO was successful for the Company and its executives and directors, and the
13 Underwriter Defendants, with the Company selling over 32.5 million shares of Lyft Class A common
14 stock to the public at \$72 per share in the IPO, and raising more than \$2.3 billion in gross proceeds.

15 **III. ADDITIONAL FACTS DEMONSTRATING MATERIALITY**

16 127. On April 1, 2019, the investment manager Guggenheim Partners released an analyst
17 report calling into question Lyft’s claimed 39 percent market share, stating “LYFT claims that U.S.
18 share has ramped from 22% in 2016 to 39% in 2018. Our own Google Trends analysis comparing share
19 of search volume across top ride-hail markets puts LYFT share at 24%.” CNBC.com, a cable news
20 station that covers financial news, reported on the Guggenheim Partners’ report and its conclusion that it
21 had “to look too far out with too many big assumptions in order to make a case for the stock.” The price
22 of Lyft stock fell 11.85% in response.

23 128. On Sunday April 7, 2019, the complaint of a Lyft user, Anna Gilchrist, concerning a
24 sexual harassment incident by a Lyft driver and Lyft’s response thereto went viral on Twitter, receiving
25 over 15,000 retweets and 33,000 “likes.” Ms. Gilchrist recounted how, on the way home from a
26 bachelorette party, she took a ride home from Lyft and was repeatedly harassed by the driver, who
27 demanded to know if she had a boyfriend and whether her boyfriend was at home. Ms. Gilchrist stated
28 that she had relayed the problem to Lyft the next day and was told “Well ma’am, we’ll make sure that

1 that driver is not able to pick you up again.” Ms. Gilchrist then explained that that was not good
2 enough, that the driver needed to be screened out as a potential threat in general. In response, Lyft
3 stated that the driver would be reprimanded and provided Ms. Gilchrist with a \$5 coupon. On April 8,
4 2019, the next trading day, Lyft’s stock price fell 5.67%. The stock declined another 3.97% on April 9,
5 2019 as the market continued to digest the news. The stock price declined 10.85% on April 10, 2019.

6 129. On April 9, 2019, the *San Francisco Chronicle* ran a story covering the controversy and
7 other safety issues. Carolyn Said, *Uber, Lyft safety in spotlight after student’s slaying*, SAN FRANCISCO
8 CHRONICLE (April 9, 2019). Lyft released a statement admitting that “the behavior described is deeply
9 concerning” and that it was “made aware of this incident.” The article quotes Ms. Gilchrist as saying
10 that “I’ve learned from various people reaching out that a lot of women have also had an incredibly hard
11 time getting companies like Lyft [] to take situations of sexual assault or endangerment seriously.”

12 130. Then, on April 11, 2019, after the close of the market, Uber filed its Form S-1 with the
13 SEC. Uber’s Form S-1 claimed a market share of greater than 65% in the United States and Canada, a
14 claim that further undermined Lyft’s purported claim of 39% market share. On April 12, 2019, the share
15 price of Lyft declined 1.83%.

16 131. Further, on April 15, 2019, it was reported that Lyft was pulling thousands of bikes in
17 New York, and more in Washington, D.C., and San Francisco, California, in the wake of dozens of
18 reported injuries and safety concerns. It was further reported that the recall “represents a significant
19 setback for Lyft, which, after completing its acquisition of Motivate last November, said it would pour
20 \$100 million into a dramatic expansion of Citi Bike in New York City. That included thousands of e-
21 bikes.” On April 15, 2019, the share price of Lyft declined 6.32%.

22 132. On April 22, 2019, after the close of the market, it was reported that a Lyft driver was
23 charged with “rape in connection with the sexual assault of a woman in her hotel bathroom in SeaTac in
24 March, two months after he allegedly handcuffed and groped another woman he had picked up in
25 Bellevue, according to King County prosecutors.” It was further reported that the driver was suspected
26 of “committing at least five similar sexual assaults dating back to 2014 while driving for Lyft and Uber”
27 and was also under investigation for two other rapes. Sara Green, *Lyft driver charged with sexual*
28

1 *assaults in Bellevue and SeaTac; under investigation for rapes in Seattle and Kirkland.* THE SEATTLE
2 TIMES (April 22, 2019). The next day, the price of Lyft declined 1.13%.

3 133. On April 30, 2019, it was reported that a 62-year old Lyft driver had been sentenced for
4 sexually assaulting one of his customers in 2017. It was further reported that the victim had later lodged
5 a civil lawsuit against Lyft and the driver. Lyft's stock price decline 1.3%.

6 134. On May 6, 2019, after the market closed, it was reported that "in the wake of several
7 alleged assaults by Uber and Lyft drivers, King County may consider changes as to how it regulates the
8 32,000 licensed ride-hailing drivers in the region, including possibly requiring signage on ride-hailing
9 cars or mandating that drivers be fingerprinted for licensing." David Gutman, *King County looking at*
10 *Uber, Lyft driver screening after recent sexual assaults*, THE SEATTLE TIMES (May 6, 2019).

11 135. On May 7, 2019, an article detailing Lyft's many safety issues was published. Victor
12 Luckerson, *Uber and Lyft Are Going Public. Can They Keep the Public Safe?* THE RINGER (May 7,
13 2019). Among other things, the article discussed: (i) a prominent social media campaign raising
14 concerns about Lyft's safety; (ii) a recent CNN study concerning sexual assaults by Lyft drivers; (iii) the
15 fact that Lyft had not provided any clarity regarding its sexual assault data and, therefore, that
16 "harassment and assault are issues of unknown scale on the ride-hailing platforms;" (iv) Lyft's practice
17 of responding to reports of harassment by providing coupons; (v) certain incidents of harassment by Lyft
18 drivers; and (vi) the lack of sexual harassment training at Lyft. The article further explained that Lyft
19 was disincentivized from providing sexual harassment training because it did not want to be deemed to
20 be a supervisor of its drivers for purposes of employment law. The stock price of Lyft declined 2.03%.

21 136. Then, on May 7, 2019, after the close of the market, Lyft issued disappointing operating
22 results for the first quarter of 2019, which ended on March 31, 2019 – two days before the IPO closed.
23 While the Company had reported a net loss of \$234 million in the first quarter of 2018, this number
24 exploded over 380% to a shocking \$1.14 billion in the first quarter of 2019, larger than the Company's
25 *entire* loss for 2018. In addition, while the report showed revenue growth for the first quarter, Lyft
26 forecast that growth would slow for the full year. On the earnings call, Defendant Roberts reported
27 "2019 will be our peak loss year" and left investors to question whether Lyft's accelerating revenue
28 would ever offset its giant losses and whether Lyft would ever turn a profit. Bloomberg noted that "The

1 report suggests intense competition with Uber Technologies Inc. in the ride-hailing market will
2 continue,” while an Atlantic Equities analyst cautioned that Lyft’s outlook suggested “a meaningful
3 slowdown in revenue.” The next day, as Bloomberg reported, “Lyft Inc. shares tumbled to a record low
4 . . . after the newly public ride-sharing company reported a steep quarterly loss.” Further, the Company
5 announced that it would no longer be providing investors with its gross bookings metric despite its
6 central importance in the Offering Documents. See Al Root, *Lyft’s Gift to Investors After Its IPO? Less*
7 *Information*, BARRON’S (May 8, 2019). Also on May 8, it was reported that a “Lyft driver in Illinois
8 kidnapped a female passenger and sexually assaulted her twice during the hellish ordeal.” Joshua
9 Miller, *Lyft driver kidnapped female passenger, sexually assaulted here twice: cops*, NY POST (May 8,
10 2019). The share price on May 8 fell 10.84%.

11 137. Then, on June 19, 2019, it was reported that female Lyft drivers face frequent sexual
12 harassment but that Lyft provided little or no assistance in response. The report was based on interviews
13 with female Lyft drivers. Lyft’s stock price declined 1.32%.

14 138. On July 4, 2019, it was reported that a “Northern Kentucky man who was indicted on
15 sexual abuse of a juvenile charges remained a Lyft driver for months after the allegations against him
16 became public.” Max Londberg, *NKY man accused of sex abuse of a juvenile kept Lyft job for months*,
17 CINCINNATI ENQUIRER (July 4, 2019). It was also reported that a 29-year old Lyft driver had been jailed
18 on accusations he exposed himself to five preteen and teenage girls in four incidents in Daly City and
19 Millbrae, California between March and May. Anna Schuessler, *Man Caught Exposing Self to Teens*,
20 SAN MATEO DAILY JOURNAL₂ (July 4, 2019). The next day, the stock price of Lyft declined 2%.

21 139. Then, on July 26, 2019, after the close of the markets, it was reported that three women
22 from Southern California had filed a class action lawsuit against Lyft. It was reported that one of the
23 plaintiffs had allegedly been raped by a Lyft driver during a ride home in November 2018. It was
24 reported that Lyft allegedly “breached” its duty of care in the “supervision of and/or retention of its
25 drivers” and that the action demanded a judgment that “Lyft’s practices, policies, and procedures
26 subjected Ms. Doe to false imprisonment, sexual assault and sexual harassment.” Lindsey Holden,
27 *Nipomo woman files 2nd Lyft lawsuit for alleged sexual assault – and others join her*, SAN LUIS OBISPO
28 TRIBUNE (July 26, 2019). On July 29, 2019, the next trading day, the price of Lyft declined 2.27%.

1 140. The market digested the news of the class action over the week of July 29-August 2, with
2 an additional news article published on August 1, 2019. See Karen Garcia, *Lyft sued for not keeping*
3 *passengers safe*, NEW TIMES SLO (Aug. 1, 2019). The price of Lyft stock declined approximately 11%
4 in total during the week. Also, on July 31, 2019, after the close of the market, it was reported that Lyft
5 was pulling e-bikes in light of two recently catching fire. Megan Dickey, *Lyft pulls e-bikes in light of*
6 *apparent battery fires*, TECHCRUNCH.COM (July 31, 2019).

7 141. Then, on August 21, 2019 after hours, it was reported that Lyft had been served with
8 seven sexual assault complaints alleging rapes or assaults by Lyft drivers. It was further reported that
9 the cases state that Lyft’s corporate management has “failed to implement the most obvious and
10 straightforward safety procedures in order to address the growing problem of sexual assault” perpetrated
11 by Lyft drivers. Katie Balevic, *Lyft received a whopping 7 sexual assault lawsuits in a day*, THE DAILY
12 DOT (Aug. 21, 2019). The next trading day, the stock price declined 5.15%.

13 142. On August 23, 2019, Bicycling.com ran an article covering additional risks regarding Lyft
14 bikes. Among other things, the article explored the phenomenon of Lyft bikes catching on fire for no
15 apparent reason. Dan Roe, *Why do E-Bikes Catch Fire?*, BICYCLING.COM (Aug. 23, 2019). The price of
16 Lyft stock fell 4.38%.

17 143. On August 28, 2019, it was reported that a Lyft driver had been charged with threatening
18 to kill a passenger and was accused of trying to follow her inside her home. Emily Nitcher, *Lyft driver*
19 *in Omaha threatened to kill female passenger, police say*, OMAHA WORLD-HERALD (Aug. 28, 2019).
20 Lyft’s stock price fell 1.55%.

21 144. On September 4, 2019, a widely covered lawsuit brought by 14 women was filed in San
22 Francisco Superior Court. The lawsuit alleged sexual assaults by Lyft drivers in 2018 and the first half
23 of 2019. Lyft admitted that the alleged conduct was “terrifying and has no place in the Lyft
24 community.” The complaint further alleged that Lyft had taken inadequate steps to screen out
25 dangerous drivers and allowed drivers to stay on the job even after complaints of sexual assault.
26 Coverage of the issue continued into the night of September 5 and into September 6th. See Haily
27 Konnath, *Lyft Is Hiding ‘Sexual Predator Crisis,’ Passengers Say*, LAW360 (Sept. 5, 2019); Christopher
28 Cole, *Lyft Facing Another Massive Sexual Assault Lawsuit*, FINDLAW (Sept. 6, 2019); *Lyft stock turns*

1 *cheaper amid complaints of misbehavior*, SEEKINGALPHA (Sept. 6, 2019). By the end of the day on
2 September 6, 2019, Lyft’s stock price had fallen to \$44.50

3 145. On September 18, 2019, CNN reported that Lyft had been “hit by five more alleged
4 sexual assault, rape cases in one day.” According to the article, the allegations of the new cases “echo
5 those of other women who’ve recently sued the company: That Lyft has been aware that its drivers were
6 sexually assaulting and raping female passengers for years but has failed to take adequate steps to
7 protect passengers and warn them of the issue. . . . The allegations in the new lawsuits range from
8 unwanted sexual advances, to breaking into a rider’s home after a drop-off and groping her, to being
9 kidnapped and gang raped. The alleged incidents occurred between 2017 and 2018.” The article also
10 referenced the allegation in the lawsuit from two weeks earlier that Lyft “chooses to stonewall” law
11 enforcement investigating assaults. Sara O’Brien, *Lyft hit by five more alleged sexual assault, rape*
12 *cases in one day*, CNN.COM (Sept. 18, 2019). Lyft’s stock price fell 3%.

13 146. On Sunday, September 29, 2019, it was reported that Lyft driver checks failed to detect
14 serious criminal histories of potential drivers. Christian Hill, *Uber, Lyft driver checks miss convicted*
15 *murderer, sex offender*, THE REGISTER-GUARD (Sept. 29, 2019). On September 30, 2019, the next
16 trading day, the price of Lyft fell 1.23%.

17 147. On October 1, 2019, at 9:13 p.m., Senator Blumenthal of Connecticut made a series of
18 statements on Twitter criticizing Lyft for “telling employees to dissuade victims from notifying
19 authorities.” Senator Blumenthal’s comments were picked up in the media the following day. *See*
20 *Dominique Mosbergen, Sen. Richard Blumenthal Demands Answers From Uber, Lyft Over Sexual*
21 *Assault Allegations*, HUFFPOST.COM (Oct. 2, 2019). Lyft’s stock price fell 2.98% on October 2, 2019.

22 148. Lyft’s stock price has traded well *below* the IPO price since the IPO. At the time of the
23 filing of this complaint, the price of Lyft stock was trading around \$40 per share – *a decline of 44.4%*
24 *from the IPO price.*

25 **PLAINTIFFS’ CLASS ACTION ALLEGATIONS**

26 149. Plaintiffs bring this class action on behalf of a class consisting of all persons or entities
27 that purchased Lyft’s publicly traded common stock pursuant or traceable to the Company’s Offering
28 and Offering Documents and who were damaged thereby (the “Class”). Excluded from the Class are:

1 the Defendants and the Individual Defendants' immediate family members; the officers, directors,
2 affiliates, and subsidiaries of Lyft, Rakuten, and the Underwriter Defendants, at all relevant times,
3 including Lyft's employee retirement and/or benefit plan(s), and their participants or beneficiaries, to the
4 extent they made purchases through such plan(s); counsel of record for all parties; any entity in which
5 Defendants have or had a controlling interest (but in the case of the Underwriter Defendants, only such
6 entities that they have a majority ownership interest in); and the legal representatives, heirs, successors,
7 or assigns of any such excluded person or entity.

8 150. The members of the Class are so numerous that joinder of all members is impracticable.
9 While the exact number of Class members is unknown to Plaintiffs at this time, and can only be
10 ascertained through appropriate discovery, Plaintiffs believe that there are thousands of members of the
11 proposed Class. The members of the proposed Class may be identified from records maintained by the
12 Company or its transfer agent and may be notified of the pendency of this action by mail, using
13 customary forms of notice that are commonly used in securities class actions.

14 151. Plaintiffs' claims are typical of the claims of the members of the Class, as all members of
15 the Class are similarly affected by Defendants' wrongful conduct.

16 152. Plaintiffs will fairly and adequately protect the interests of the members of the Class and
17 have retained counsel competent and experienced in class and securities litigation.

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

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

23 (b) whether the Prospectus and Registration Statement contained materially false and
24 misleading statements and omissions; and

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

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

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

4
5 **FIRST CLAIM**

6 **Violations of §11 of the Securities Act**
7 **Against Lyft, the Individual Defendants, and the Underwriter Defendants**

8 155. Plaintiffs repeat and reallege each and every allegation contained above as if fully set
9 forth herein.

10 156. This claim is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of
11 the Class, against Defendants Lyft, each of the Individual Defendants, and each of the Underwriter
12 Defendants. This is a non-fraud cause of action. Plaintiffs do not assert that Defendants committed
13 intentional or reckless misconduct or that Defendants acted with scienter or fraudulent intent.

14 157. The Registration Statement was inaccurate and misleading, contained untrue statements
15 of material facts, omitted facts necessary to make the statements made therein not misleading, and
16 omitted to state material facts required to be stated therein.

17 158. The Company is the registrant of the securities purchased by Plaintiffs and the Class. As
18 such, the Company is strictly liable for the materially inaccurate statements contained in the Registration
19 Statement and the failure of the Registration Statement to be complete and accurate. By virtue of the
20 Registration Statement containing material misrepresentations and omissions of material fact necessary
21 to make the statements therein not false and misleading, Lyft is liable under §11 of the Securities Act to
22 Plaintiffs and the Class.

23 159. The Individual Defendants each signed the Registration Statement and caused its
24 issuance. As such, each is strictly liable for the materially inaccurate statements contained in the
25 Registration Statement and the failure of the Registration Statement to be complete and accurate, unless
26 they are able to carry their burden of establishing an affirmative “due diligence” defense. The
27 Individual Defendants each had a duty to make a reasonable and diligent investigation of the
28 truthfulness and accuracy of the statements contained in the Registration Statement and ensure that they
were true and accurate, there were no omissions of material facts that would make the Registration

1 Statement misleading, and the document contained all facts required to be stated therein. In the exercise
2 of reasonable care, the Individual Defendants should have known of the material misstatements and
3 omissions contained in the Registration Statement and also should have known of the omissions of
4 material fact necessary to make the statements made therein not misleading. Accordingly, the Individual
5 Defendants are liable to Plaintiffs and the Class.

6 160. The Underwriter Defendants each served as underwriters in connection with the Offering.
7 As such, each is strictly liable for the materially inaccurate statements contained in the Registration
8 Statement and the failure of the Registration Statement to be complete and accurate, unless they are able
9 to carry their burden of establishing an affirmative “due diligence” defense. The Underwriter
10 Defendants each had a duty to make a reasonable and diligent investigation of the truthfulness and
11 accuracy of the statements contained in the Registration Statement. They had a duty to ensure that such
12 statements were true and accurate, there were no omissions of material facts that would make the
13 Registration Statement misleading, and the documents contained all facts required to be stated therein.
14 In the exercise of reasonable care, the Underwriter Defendants should have known of the material
15 misstatements and omissions contained in the Registration Statement and also should have known of the
16 omissions of material facts necessary to make the statements made therein not misleading. Accordingly,
17 each of the Underwriter Defendants is liable to Plaintiffs and the Class.

18 161. Defendants acted negligently in preparing the Offering Documents. None of the
19 Defendants named in this Claim made a reasonable investigation or possess reasonable grounds for the
20 belief that the statements contained in the Registration Statement were true and without omission of any
21 material facts and were not misleading. In alleging the foregoing, Plaintiffs specifically disclaim any
22 allegation of fraud.

23 162. By reasons of the conduct herein alleged, each Defendant named in this Claim violated
24 §11 of the Securities Act.

25 163. None of the untrue statements or omissions of material fact in the Registration Statement
26 alleged herein was a forward-looking statement. Rather, each such statement concerned existing facts.
27 Moreover, the Registration Statement did not properly identify any of the untrue statements as forward-
28

1 looking statements and did not disclose information that undermined the putative validity of these
2 statements.

3 164. Plaintiffs acquired the Company's Class A common stock pursuant or traceable to the
4 Registration Statement and without knowledge of the untruths and/or omissions alleged herein.
5 Plaintiffs sustained damages, and the price of the Company's Class A common stock declined
6 substantially due to material misstatements in the Registration Statement.

7 165. This Claim is brought within one year after the discovery of the untrue statements and
8 omissions and within three years of the date of the Offering.

9 166. By virtue of the foregoing, Plaintiffs and the other members of the Class are entitled to
10 damages under §11, as measured by the provisions of §11(e), from the Defendants and each of them,
11 jointly and severally.

12 **SECOND CLAIM**
13 **Violations of §12(a)(2) of the Securities Act**
14 **Against Lyft, the Individual Defendants, and the Underwriter Defendants**

15 167. Plaintiffs repeat and reallege each and every allegation contained above as if fully set
16 forth herein.

17 168. This claim is brought pursuant to §12(a)(2) of the Securities Act, 15 U.S.C. §77l(a)(2), on
18 behalf of the Class, against Defendant Lyft, each of the Individual Defendants, and each of the
19 Underwriter Defendants. This is a non-fraud cause of action. Plaintiffs do not assert that Defendants
20 committed intentional or reckless misconduct or that Defendants acted with scienter or fraudulent intent.

21 169. Defendants named in this Claim were sellers, offerors, and/or solicitors of purchasers of
22 the Company's securities offered pursuant to the defective Prospectus. Defendants issued or caused to
23 be issued the Prospectus, which was used to induce investors, such as Plaintiffs and the other members
24 of the Class, to purchase the Company's shares. Defendants solicited the purchase of securities
25 motivated at least in part by a desire to serve their own financial interests.

26 170. The Prospectus contained untrue statements of material facts, omitted to state other facts
27 necessary to make the statements made not misleading, and omitted material facts required to be stated
28 therein. The actions of solicitation by the Defendants named in this Claim included participating in the

1 preparation of the false and misleading Prospectus, roadshow, and marketing of Lyft's Class A common
2 stock to investors, such as Plaintiffs and the other members of the Class.

3 171. Defendants named in this Claim owed to the purchasers of Lyft's Common A common
4 stock, including Plaintiffs and other members of the Class, the duty to make a reasonable and diligent
5 investigation of the statements contained in the Prospectus to ensure that such statements were true and
6 that there was no omission to state a material fact required to be stated in order to make the statements
7 contained therein not misleading. By virtue of each of these Defendants' failure to exercise reasonable
8 care, the Prospectus contained misrepresentations of material facts and omissions of material facts
9 necessary to make statements therein not misleading.

10 172. Plaintiffs and the other Class members did not know, nor could they have known, of the
11 untruths or omissions contained in the Prospectus.

12 173. The Defendants were obligated to make a reasonable and diligent investigation of the
13 statements contained in the Prospectus to ensure that such statements were true and that there was no
14 omission of material fact required to be stated in order to make the statements contained therein not
15 misleading. None of the Defendants made a reasonable investigation or possessed reasonable grounds
16 for the belief that the statements contained in the Prospectus were accurate and complete in all material
17 respects. Had they done so, these Defendants could have known of the material misstatements and
18 omissions alleged herein. In alleging the foregoing, Plaintiffs specifically disclaim any allegation of
19 fraud.

20 174. This Claim is brought within one year after discovery of the untrue statements and
21 omissions in the Prospectus and within three years after the Company's shares were sold to the Class in
22 connection with the Offering.

23 175. By reason of the conduct alleged herein, the Defendants named in this Claim violated
24 Section 12(a)(2) of the Securities Act. As a direct and proximate result of such violation, Plaintiffs and
25 the other members of the Class who purchased Lyft's Class A common stock pursuant to the Prospectus
26 sustained substantial damages in connection with their share purchases. Accordingly, Plaintiffs and the
27 other members of the Class who hold the shares issued pursuant to the Prospectus have the right to
28 rescind and recover the consideration paid for their shares with interest thereon or damages as allowed

1 by law or in equity. Class members who have sold their Lyft shares seek damages to the extent
2 permitted by law.

3 **THIRD CLAIM**
4 **For Violation of §15 of the Securities Act**
5 **Against Rakuten and the Individual Defendants**

6 176. Plaintiffs repeat and reallege each and every allegation contained above as if fully set
7 forth herein.

8 177. This claim is brought pursuant to §15 of the Securities Act, 15 U.S.C. §77o, on behalf of
9 the Class, against Defendant Rakuten and each of the Individual Defendants.

10 178. The Individual Defendants were controlling persons of the Company within the meaning
11 of §15 of the Securities Act. By reason of their ownership interest in, senior management positions at,
12 and/or directorships held at the Company, as alleged above, these Defendants invested in, individually
13 and collectively, had the power to influence, and exercised same over the Company to cause it to engage
14 in the conduct complained of herein. As the Registration Statement states, Lyft has “two classes of
15 authorized common stock, Class A common stock and Class B common stock,” with identical rights
16 except that the Class B common stock gets 20 votes per shares whereas the Class A common stock – the
17 stock sold in the IPO – only gets one vote per share. Prior to the IPO, Defendant Green held 60.17% of
18 the Class B common stock, and Defendant Zimmer held 39.83% of the Class B common stock. As the
19 Registration Statement concedes, due to the split-share voting rights, even following the IPO, Defendant
20 Green would continue to hold 29.21% of the total Lyft voting power, and Defendant Zimmer would
21 continue to hold 19.38% of the total voting power. The Registration Statement further concedes that, as
22 a result, “individually or together, [they] will be able to significantly influence matters submitted to
23 [Lyft’s] stockholders for approval, including the election of directors, amendments to [its] organizational
24 document and any merger, consolidation, sale of all or substantially all of [its] assets or other major
25 corporate transaction,” and further that they “may have interests that differ from [investors] and may
26 vote in a way with which [investors] disagree and which may be adverse to [investors’] interests.” The
27 Registration Statement also stated that, prior to the IPO, Defendant Horowitz owned 6.25% of Lyft’s
28 Class A common stock, Defendant Lawee owned 5.23% of Lyft’s Class A common stock, and
29 Defendant Mikitani, as Chairman and CEO of Rakuten, held voting and dispositive power over 13.05%

1 of Lyft's Class A common stock. As a result, at the time of the IPO, Defendants Green, Horowitz,
2 Lawee, Mikitani and Zimmer collectively held 27.14% of Lyft's Class A common stock and 100% of its
3 Class B common stock, giving them 65% of its voting power. The Individual Defendants each had a
4 series of direct and/or indirect business and/or personal relationships with other directors and/or officers
5 and/or major shareholders of Lyft.

6 179. In addition, Defendant Mikitani is controlled by Defendant Rakuten, which holds a large
7 financial interest in Lyft. Defendant Mikitani served on the Board of Directors of Lyft at the behest of
8 Rakuten, and in doing so, acted at the direction, and in the interest, of Rakuten. Rakuten, in fact, had a
9 financial interest in Lyft going public, in order to increase the holding value and marketability of
10 Rakuten's investment in Lyft. Defendant Mikitani, who was critical to effectuating the IPO by his
11 signing or authorizing the signing of the Registration Statement, by voting (including voting shares over
12 which had had voting and dispositive control on behalf of Rakuten and its wholly owned subsidiary that
13 held shares) to execute the IPO, and by otherwise directing through his authority the processes leading
14 to the execution of the IPO, acted at the direction and authorization of Rakuten.

15 180. Similarly, each of the other Individual Defendants not only controlled those subject to
16 liability as primary violators of §§11 and 12(a)(2) of the 1933 Act alleged in the Causes of Action
17 above, they directly participated in controlling Lyft by having signed or authorized the signing of the
18 Registration Statement, and authorizing the issuance of Lyft stock to Plaintiffs and members of the
19 Class.

20 181. As control persons of Lyft, Rakuten and each of the Individual Defendants are jointly and
21 severally liable pursuant to §15 of the Securities Act with and to the same extent as Lyft for its
22 violations of §11 of the Securities Act.

23 **PRAYER FOR RELIEF**

24 WHEREFORE, Plaintiffs, on behalf of themselves and the other members of the Class, pray for
25 judgment as follows:

26 A. Declaring this action to be a proper class action and certifying Plaintiffs as the Class
27 Representatives;

1 B. Awarding Plaintiffs and the other members of the Class compensatory damages against
2 all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in
3 an amount to be proven at trial, including interest thereon;

4 C. Awarding Plaintiffs and the other members of the Class rescission on their §12(a)(2)
5 claims;

6 D. Awarding Plaintiffs and the other members of the Class pre-judgment and post-judgment
7 interest, as well as reasonable attorneys' fees, expert witness fees, and other costs and disbursements;
8 and

9 E. Awarding Plaintiffs and the other members of the Class such other and further relief as
10 the Court may deem just and proper.

11 **JURY TRIAL DEMANDED**

12 Plaintiffs hereby demand a trial by jury.

13 Dated: October 25, 2019

SCOTT+SCOTT ATTORNEYS AT LAW LLP

14 s/ John T. Jasnoch

15 John T. Jasnoch (CA 281605)
16 600 W. Broadway, Suite 3300
17 San Diego, CA 92101
Telephone: 619-233-4565
Facsimile: 619-233-0508
jjasnoch@scott-scott.com

18 Thomas L. Laughlin, IV (*pro hac vice*)
19 Jonathan M. Zimmerman (*pro hac vice*)
SCOTT+SCOTT ATTORNEYS AT LAW LLP
20 The Helmsley Building
230 Park Avenue, 17th Floor
21 New York, NY 10169
Telephone: 212-223-6444
22 Facsimile: 212-223-6334
tlaughlin@scott-scott.com
23 jzimmerman@scott-scott.com

24 *Counsel for Plaintiffs Brian Hinson and Frederic Lande
and Co-Lead Counsel*

25 ROBBINS GELLER RUDMAN & DOWD LLP

26 s/ James I. Jaconette

27 James I. Jaconette (CA 179565)
28 665 West Broadway, Suite 1900
San Diego, CA 92101-8498
Telephone: 619-231-1058

1 Facsimile: 619-231-7423
jamesj@rgrdlaw.com

2
3 *Counsel for Plaintiffs Wesley Clapper and Palm Bay Police
& Firefighters' Pension Fund and Co-Lead Counsel*

4 LABATON SUCHAROW LLP

5 s/ Alfred L. Fatale III
6 Alfred L. Fatale III (*pro hac vice pending*)
7 140 Broadway
8 New York, NY 10005
9 Telephone: 212-907-0700
10 Facsimile: 212-818-0477
11 afatale@labaton.com

12 *Counsel for Plaintiff Greater Pennsylvania Carpenters'
13 Pension Fund and Co-Lead Counsel*

14 HEDIN HALL LLP
15 David W. Hall (CA 274921)
16 Four Embarcadero Center, Suite 1400
17 San Francisco, CA 94104
18 Telephone: 415/766-3534
19 415/402-0058 (fax)
20 dhall@hedinhall.com

21 *Additional Counsel for Plaintiff Brian Hinson*

22 BRAGAR EAGEL & SQUIRE, P.C.
23 MARION C. PASSMORE (CA 228474)
24 101 California Street, Suite 2710
25 San Francisco, CA 94111
26 Telephone: 415/365-7149
27 212/486-0462 (fax)
28 passmore@bespc.com

Counsel for Plaintiffs Narendra Gupta and Liang Xue

ABRAHAM, FRUCHTER & TWERSKY, LLP
TAKEO A. KELLAR (CA 234470)
11622 El Camino Real, Suite 100
San Diego, CA 92130
Telephone: 858/764-2580
858/764-2582 (fax)
tkellar@aftlaw.com

Counsel for Plaintiff Nathaniel Pyron

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JOHNSON FISTEL LLP
Frank J. Johnson (CA 174882)
655 W Broadway, Suite 1400
San Diego, CA 92101
Telephone: 619/230-0063
619/255-1856 (fax)
frankj@johnsonfistel.com

Additional Counsel for Plaintiff Wesley Clapper

BOTTINI & BOTTINI, INC.
FRANCIS A. BOTTINI, JR. (CA 175783)
7817 Ivanhoe Avenue, Suite 102
La Jolla, CA 92037
Telephone: 858/914-2001
858/914-2002 (fax)
fbottini@bottinilaw.com

Counsel for Plaintiff Mary McCloskey

1 **PROOF OF SERVICE**

2 I am over 18 years of age, not a party to this action, and employed in San Diego County,
3 California at 600 W. Broadway, Suite 3300, San Diego, California 92101.

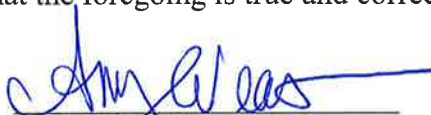
4 On October 25, 2019, I caused the foregoing to be electronically filed with the Clerk of the Court
5 using the File&ServeXpress system and that I served the following:

6 **CORRECTED CONSOLIDATED CLASS ACTION COMPLAINT FOR**
7 **VIOLATIONS OF THE SECURITIES ACT OF 1933**

8 by transmitting the document electronically via Email on the parties in this action and on the service list
9 attached.

10 I declare under penalty of perjury, that the foregoing is true and correct.

11 DATE: October 25, 2019

12 
13 _____
14 AMY WEAS
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File & ServeXpress Transaction Receipt

File & ServeXpress Transaction ID: 64353454
Submitted by: Amy Weas, Scott & Scott LLP
Authorized by: John T Jasnoch, Scott & Scott LLP
Authorize and file on: Oct 25 2019 11:47AM PDT ⓘ
Time received by San Francisco County: Pending ⓘ

Court: CA Superior Court County of San Francisco-Civil
Division/Courtroom: N/A
Case Class: Civil-Complex Litigation
Case Type: Complex Litigation
Case Number: CGC-19-575293
Case Name: Hinson, Brian vs Lyft Inc

Transaction Option: File and Serve
Billing Reference:
Read Status for e-service: Not Purchased

Documents List

1 Document(s)

Attached Document, 54 Pages

Document Type:	Access:	Statutory Fee:	Linked:
Amended Complaint	Public	\$0.00	

Document title:

Corrected Consolidated Class Action Complaint for Violations of the Securities Act of 1933

Expand All

Sending Parties (1)

Party	Party Type	Attorney	Firm	Attorney Type
Hinson, Brian	Plaintiff	Jasnoch, John T	Scott & Scott LLP	Attorney in Charge

Recipients (5)

Service List (5)

Delivery Option	Party	Party Type	Attorney	Firm	Attorney Type	Method
Service	Clapper, Wesley	Plaintiff	Jaconette, James	Robbins Geller Rudman & Dowd LLP	Co-Counsel	E-Service
Service	Hinson, Brian	Plaintiff	Hall, David W	Hedin Hall LLP	Attorney in Charge	E-Service
Service	Horowitz, Ben	Defendant	Smith, Colleen C	Latham & Watkins LLP -San Francisco	Attorney in Charge	E-Service
Service	Mikitani, Hiroshi	Defendant	Smith, Colleen C	Latham & Watkins LLP -San Francisco	Attorney in Charge	E-Service
Service	Pyron, Nathaniel	Plaintiff	Kellar, Takeo	Abraham Fruchter & Twersky LLP	Attorney	E-Service

Additional Recipients (0)

Case Parties

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✉ support@fileandserve.com (mailto:support@fileandserve.com)

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