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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SAN FRANCISCO

11 MARY MCCLOSKEY, Individually and on
12 Behalf of All Others Similarly Situated,

13 Plaintiff,

14 v.

15 LYFT, INC.; LOGAN GREEN; JOHN
16 ZIMMER; RAN MAKAVY; JON MCNEILL;
17 BRIAN ROBERTS; KRISTIN SVERCHEK;
18 PRASHANT (SEAN) AGGARWAL; BEN
19 HOROWITZ; VALERIE JARRETT; DAVID
20 LAWEE; HIROSHI MIKITANI; ANN MIURA-
21 KO; MARY AGNES (MAGGIE)
22 WILDEROTTER; J.P. MORGAN SECURITIES
23 LLC; CREDIT SUISSE SECURITIES (USA)
24 LLC; JEFFERIES LLC; UBS SECURITIES
25 LLC; STIFEL, NICOLAUS & COMPANY,
26 INCORPORATED; RBC CAPITAL
27 MARKETS, LLC; KEYBANC CAPITAL
MARKETS INC.; COWEN AND COMPANY,
LLC; RAYMOND JAMES & ASSOCIATES,
INC.; CANACCORD GENUITY LLC;
EVERCORE GROUP L.L.C.; PIPER JAFFRAY
& CO.; JMP SECURITIES LLC; WELLS
FARGO SECURITIES, LLC; KKR CAPITAL
MARKETS LLC, and DOES 1 through 100,
inclusive,

27 Defendants.

ENDORSED
FILED
San Francisco County Superior Court

APR 24 2019

CLERK OF THE COURT
BY: KALENE APOLONIO
Deputy Clerk

Case No. ~~CCC-19-575475~~

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

BY FAX
ONE LEGAL LLC

1 Plaintiff Mary McCloskey (“Plaintiff”), individually and on behalf of all others similarly
2 situated, by Plaintiff’s undersigned attorneys, alleges the following based upon personal knowledge,
3 as to Plaintiff and Plaintiff’s own acts, and upon information and belief, as to all other matters,
4 based on the investigation conducted by and through Plaintiff’s attorneys, which included, among
5 other things, a review of U.S. Securities and Exchange Commission (“SEC”) filings, analyst
6 reports, media reports, and other publicly-available information. Plaintiff’s investigation into the
7 matters alleged herein is continuing and many relevant facts are known only to, or are exclusively
8 within the custody and control of, the Defendants (defined below). Plaintiff believes that
9 substantial additional evidentiary support will exist for the allegations set forth herein after a
10 reasonable opportunity for discovery.

11 **NATURE OF THE ACTION**

12 1. This is a securities class action on behalf of all persons and entities who purchased
13 or acquired shares of Lyft, Inc. (“Lyft” or the “Company”) pursuant or traceable to the Company’s
14 Registration Statement and Prospectus (together, the “Offering Documents”) issued in connection
15 with the Company’s March 29, 2019 initial public offering (the “IPO” or the “Offering”), seeking to
16 pursue remedies under Sections 11, 12, and 15 of the Securities Act of 1933 (the “Securities Act”).

17 2. Plaintiff alleges that the Registration Statement and Prospectus incorporated therein
18 (collectively, the “Registration Statement”) issued in connection with the IPO contained materially
19 incorrect or misleading statements and/or omitted material information that was required to be
20 disclosed. Lyft is strictly liable for such misstatements and omissions therefrom, as are the
21 defendants who signed the Registration Statement, the underwriters, and the controlling entities and
22 persons. Plaintiff expressly disclaims any allegation that could be construed as alleging fraud or
23 intentional or reckless misconduct.

24 3. In its IPO, Lyft sold 32,500,000 shares to the public at a price of \$72.00 per share for
25 total proceeds of over \$2.34 billion, before deduction of costs and commissions. ***The underwriters***
26 ***were paid commissions of \$64,350,000*** for conducting their purported due diligence and selling
27 Lyft stock to the public in connection with the IPO.

1 4. Lyft’s Prospectus issued in connection with the IPO described the Company as
2 follows: “Lyft started a movement to revolutionize transportation. In 2012, we launched our peer-
3 to-peer marketplace for on-demand ridesharing and have continued to pioneer innovations aligned
4 with our mission. Today, Lyft is one of the largest and fastest-growing multimodal transportation
5 networks in the United States and Canada. To date, we have facilitated over one billion rides.”

6 5. In November 2018, following its \$251 million acquisition of Bikeshare Holdings
7 LLC (“Motivate”), the largest bikeshare operator in North America with a 2017 revenue of
8 approximately \$100 million, Lyft added bikes to its suite of services.

9 6. In the Prospectus, Lyft stated that it acquired Motivate to “establish a solid foothold
10 in the bikeshare market and offer access to new transportation options on the Lyft Platform.”
11 Pursuant to its agreement, Lyft acquired Motivate’s technology and corporate functions, including
12 its city contracts (*e.g.*, New York City’s “Citi Bike”).

13 7. According to the Offering Documents, Lyft estimated that its ridesharing
14 marketplace “is available to over 95% of the U.S. population, as well as in select cities in Canada.”
15 Lyft also asserted that its “U.S. ridesharing market share was 39% in December 2018, up from 22%
16 in December 2016.”

17 8. Unbeknownst to investors, however, the Registration Statement’s representations
18 were materially false and misleading because they failed to disclose, *inter alia*, that: (1) more than
19 1,000 of the bicycles in Lyft’s rideshare program suffered from safety issues that would lead to their
20 recall; and (2) Lyft’s claimed ridesharing market share and position were overstated. Accordingly,
21 the price of the Company’s shares was artificially and materially inflated at the time of the IPO.

22 9. On April 15, 2019, Lyft stock fell to under \$57.00 per share, a more than 20%
23 decline from the IPO price, having plummeted in response to information reflecting the
24 materialization of significant risks misrepresented and omitted from the Registration Statement as
25 alleged herein.

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1 **JURISDICTION AND VENUE**

2 10. This Court has subject matter jurisdiction over this action pursuant to the California
3 Constitution, Article VI, §10 and §22 of the Securities Act, 15 U.S.C. §77v. This action is not
4 removable. The claims alleged herein arise under §§11, 12(a)(2), and 15 of the Securities Act. *See*
5 17 U.S.C. §§77k, 77l(a)(2), and 77o, respectively. Section 22 of the Securities Act expressly states
6 that “[e]xcept as provided in section 77p(c) of this title, no case arising under this subchapter and
7 brought in any State court of competent jurisdiction shall be removed to any court of the United
8 States.” 15 U.S.C. §77v(a). Section 77p(c) refers to “covered class action[s] brought in any State
9 court involving a covered security, as set forth in subsection (b),” which, in turn, includes within its
10 scope only covered class actions “based upon the statutory or common law of any State or
11 subdivision thereof.” *See* 15 U.S.C. §77p. This is an action asserting only federal law claims.
12 Thus, this action is not removable to federal court.

13 11. This Court has personal jurisdiction over each Defendant named herein because each
14 conducted business in, resided in, and/or was a citizen of California at the time of the Offering.

15 12. Venue is proper because Lyft is headquartered in this County.

16 **THE PARTIES**

17 **A. Plaintiff**

18 13. Plaintiff Mary McCloskey purchased Lyft common stock pursuant and/or traceable
19 to the Registration Statement and Prospectus issued in connection with the Company’s IPO and has
20 been damaged thereby. Defendants solicited Plaintiff’s purchase of Lyft stock.

21 **B. The Individual Defendants**

22 14. Defendant Lyft is a ride-hailing company headquartered in San Francisco at 185
23 Berry Street, #5000, San Francisco, CA 94107. Lyft conducts business in the United States and in
24 parts of Canada. Lyft’s stock is traded on the NASDAQ market under the ticker symbol “LYFT.”

25 15. Defendant Logan Green co-founded the Company with Defendant Zimmer and is the
26 Chief Executive Officer and a director of Lyft. Defendant Green participated in the preparation
27 and/or signing of the Offering Documents. The Prospectus stated that, following the IPO,
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1 Defendant Green will control approximately 29.21% of the voting power of the Company through
2 his Class A and Class B shares.

3 16. Defendant John Zimmer (“Zimmer”) co-founded the Company with Defendant
4 Green and is the President and Vice Chairman of the Board. Defendant Zimmer participated in the
5 preparation and/or signing of the Registration Statement. The Prospectus stated that, following the
6 IPO, Defendant Zimmer will control approximately 19.38% of the voting power of the Company
7 through his Class A and Class B shares.

8 17. At the time of the IPO, Defendant Ran Makavy (“Makavy”) was serving as
9 Executive Vice President and Chief Product Officer of Lyft. Defendant Makavy participated in the
10 preparation and/or signing of the Registration Statement.

11 18. Defendant Jon McNeill (“McNeill”) is Lyft’s Chief Operating Officer. Defendant
12 McNeill participated in the preparation and/or signing of the Registration Statement.

13 19. Defendant Brian Roberts (“Roberts”) is Lyft’s Chief Financial Officer. Defendant
14 Roberts participated in the preparation and/or signing of the Registration Statement.

15 20. Defendant Kristin Sverchek (“Sverchek”) is Lyft’s General Counsel and Corporate
16 Secretary. Defendant Sverchek participated in the preparation and/or signing of the Registration
17 Statement.

18 21. Defendant Prashant (Sean) Aggarwal (“Aggarwal”) is the Chairman of Lyft’s Board
19 of Directors. Defendant Aggarwal participated in the preparation and/or signing of the Registration
20 Statement.

21 22. Defendant Ben Horowitz (“Horowitz”) is a director on the Lyft Board. Defendant
22 Horowitz participated in the preparation and/or signing of the Registration Statement.

23 23. Defendant Valerie Jarrett (“Jarrett”) is a director on the Lyft Board. Defendant
24 Jarrett participated in the preparation and/or signing of the Registration Statement.

25 24. Defendant David Lawee (“Lawee”) is a director on the Lyft Board. Defendant
26 Lawee participated in the preparation and/or signing of the Registration Statement.

27 25. Defendant Hiroshi Mikitani (“Mikitani”) is a director on the Lyft Board. Defendant
28 Mikitani participated in the preparation and/or signing of the Registration Statement.

1 26. Defendant Ann Miura-Ko (“Miura-Ko”) is a director on the Lyft Board. Defendant
2 Miura-Ko participated in the preparation and/or signing of the Registration Statement.

3 27. Defendant Mary Agnes (Maggie) Wilderotter (“Wilderotter”) is a director on the
4 Lyft Board. Defendant Wilderotter participated in the preparation and/or signing of the Registration
5 Statement.

6 28. Defendants Green, Zimmer, Makavy, McNeill, Roberts, Sverchek, Aggarwal,
7 Horowitz, Jarrett, Lawee, Mikitani, Miura-Ko, and Wilderotter are collectively referred to herein as
8 the “Individual Defendants.”

9 **C. The Underwriter Defendants**

10 29. The following underwriters participated in the IPO, including the roadshows, due
11 diligence, solicitation of the purchase of Lyft stock by the public, and/or assistance in the
12 preparation of the Offering Documents:

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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
Stifel, Nicolaus & Company, Inc.	1,300,000
RBC Capital Markets, LLC	1,462,500
KeyBanc Capital Markets Inc.	1,462,500
Cowen & Co. LLC	325,000
Raymond James & Assoc. Inc.	325,000
Canaccord Genuity LLC	260,000
Evercore Group LLC	260,000
Piper Jaffray & Co.	260,000
JMP Securities LLC	227,500
Wells Fargo Securities LLC	227,500
KKR Capital Markets LLC	81,250 ¹

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27 ¹ Certain additional underwriters who were not lead underwriters sold smaller amounts of stock
28 in the IPO, in each case selling somewhere between 48,750 and 65,000 shares.

1 30. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) 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. J.P.
4 Morgan acted as a representative of all the underwriters. J.P. Morgan also participated in
5 conducting and promoting the roadshow for the Offering and paying for the expenses of the
6 Individual Defendants who participated in the roadshow, including lodging and travel, among other
7 expenses. J.P. Morgan’s participation in the solicitation of the Offering was motivated by its
8 financial interests. Defendant J.P. Morgan conducts business in the state of California.

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

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

25 33. Defendant UBS Securities LLC (“UBS”) was an underwriter of the Company’s
26 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of the
27 Company’s false and misleading Registration Statement and Prospectus. UBS also participated in
28 conducting and promoting the roadshow for the Offering and paying for the expenses of the

1 Individual Defendants who participated in the roadshow, including lodging and travel, among other
2 expenses. UBS's participation in the solicitation of the Offering was motivated by its financial
3 interests. Defendant UBS conducts business in the state of California.

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

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

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

27 37. Defendant Cowen and Company, LLC ("Cowen") was an underwriter of the
28 Company's Offering, serving as a financial advisor for and assisting in the preparation and

1 dissemination of the Company's false and misleading Registration Statement and Prospectus.
2 Cowen also participated in conducting and promoting the roadshow for the Offering and paying for
3 the expenses of the Individual Defendants who participated in the roadshow, including lodging and
4 travel, among other expenses. Cowen's participation in the solicitation of the Offering was
5 motivated by its financial interests. Defendant Cowen conducts business in the state of California.

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

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

22 40. Defendant Evercore Group L.L.C. ("Evercore") 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 Evercore also participated in conducting and promoting the roadshow for the Offering and paying
26 for the expenses of the Individual Defendants who participated in the roadshow, including lodging
27 and travel, among other expenses. Evercore's participation in the solicitation of the Offering was
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1 motivated by its financial interests. Defendant Evercore conducts business in the state of
2 California.

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

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

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

26 44. KKR Capital Markets LLC (“KKR”) was an underwriter of the Company’s Offering,
27 serving as a financial advisor for and assisting in the preparation and dissemination of the
28 Company’s false and misleading Registration Statement and Prospectus. KKR also participated in

1 conducting and promoting the roadshow for the Offering and paying for the expenses of the
2 Individual Defendants who participated in the roadshow, including lodging and travel, among other
3 expenses. KKR's participation in the solicitation of the Offering was motivated by its financial
4 interests. Defendant KKR conducts business in the state of California.

5 45. Defendants listed in ¶¶ 29-44 are collectively referred to herein as the "Underwriter
6 Defendants." Lyft, the Individual Defendants, and the Underwriter Defendants are collectively
7 referred to herein as the "Defendants."

8 46. Pursuant to the Securities Act, the Underwriter Defendants are liable for the false
9 and misleading statements in the Offering's Registration Statement and Prospectus. The
10 Underwriter Defendants' failure to conduct adequate due diligence investigations was a substantial
11 factor leading to the harm complained of herein.

12 47. The Underwriter Defendants are primarily investment banking houses that
13 specialize, *inter alia*, in underwriting public offerings of securities. As the underwriters of the
14 Offering, the Underwriter Defendants earned lucrative underwriting fees as a result of their
15 participation in the Offering.

16 48. In addition, the Underwriter Defendants met with potential investors and presented
17 highly favorable, but materially incorrect and/or materially misleading, information about the
18 Company, its business, products, plans, and financial prospects, and/or omitted to disclose material
19 information required to be disclosed under the federal securities laws and applicable regulations
20 promulgated thereunder.

21 49. Representatives of the Underwriter Defendants also assisted the Company and
22 Individual Defendants in planning the Offering. They further purported to conduct an adequate and
23 reasonable investigation into the business, operations, products, and plans of the Company, an
24 undertaking known as a "due diligence" investigation. During the course of their "due diligence,"
25 the Underwriter Defendants had continual access to confidential corporate information concerning
26 the Company's business, financial condition, products, plans, and prospects.

27 50. In addition to having access to internal corporate documents, the Underwriter
28 Defendants and/or their agents, including their counsel, had access to the Company's lawyers,

1 management, directors, and top executives to determine: (i) the strategy to best accomplish the
2 Offering; (ii) the terms of the Offering, including the price at which the Company's common stock
3 would be sold; (iii) the language to be used in the Registration Statement; (iv) what disclosures
4 about the Company would be made in the Registration Statement; and (v) what responses would be
5 made to the SEC in connection with its review of the Registration Statement. As a result of those
6 constant contacts and communications between the Underwriter Defendants' representatives and the
7 Company's management and top executives, at a minimum, the Underwriter Defendants should
8 have known of the Company's undisclosed existing problems and plans, and the material
9 misstatements and omissions contained in the Registration Statement, as detailed herein.

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

13 **D. Doe Defendants**

14 52. Various other individuals, partnerships, corporations, and other business entities,
15 unknown to Plaintiff, have participated in the violations alleged herein and have performed acts and
16 made statements in furtherance thereof. Because the true names and capacities of these defendants
17 are unknown to Plaintiff, Plaintiff sues these defendants as Doe Defendants 1-100. Plaintiff will
18 amend the complaint to show the true names and capacities of these defendants when they have
19 been ascertained.

20 53. Plaintiff is informed and believes, and on that basis alleges, that each of the
21 fictitiously-named defendants is responsible in some manner for the occurrences herein alleged, and
22 that Plaintiff's injuries as here alleged were proximately caused by conduct of these fictitiously-
23 named defendants. Among other things, the Doe Defendants participated in the making of false and
24 misleading statements in the Offering Documents, were control persons, and/or solicited the
25 purchase of Lyft stock by Class Members in the IPO.

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1 **SUBSTANTIVE ALLEGATIONS**

2 54. The Registration Statement and Prospectus used to effectuate Lyft’s IPO was false
3 and misleading in that it misled investors with respect to the Company’s actual national market
4 share and safety issues regarding the Company’s bikesharing business, all of which were known to,
5 but concealed by, Defendants at the time of the IPO.

6 55. The Registration Statement made the following representations concerning Lyft’s
7 business and market share:

8 Our values, brand, innovation and focused execution have driven
9 significant growth in market share and in the number of users on our
10 platform. As ridesharing becomes more mainstream, we believe that
11 users are increasingly choosing a ridesharing platform based on brand
12 affinity and value alignment. ***Our U.S. ridesharing market share was
13 39% in December 2018, up from 22% in December 2016.*** This
14 growth comes from both new drivers and riders as well as increased
15 ride frequency. For the quarter ended December 31, 2018, we had
16 18.6 million Active Riders and over 1.1 million drivers who provided
17 rides.²

18 Our revenue was \$343.3 million, \$1.1 billion and \$2.2 billion in 2016,
19 2017 and 2018, respectively, representing year-over-year growth of
20 209% from 2016 to 2017 and 103% from 2017 to 2018.

21 [Emphasis added.]

22 56. The Registration Statement reaffirmed these representations by making the following
23 statements concerning Lyft’s business and market share:

24 We operate in a competitive market and must continue to compete
25 effectively in order to grow, improve our results of operations and
26 achieve and maintain long-term profitability. We are one of the
27 largest and fastest growing multimodal transportation networks in the
28 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 sharing market include Uber
(Jump), Lime and Bird. We also compete with taxi cab and livery
companies, traditional automotive manufacturers and developers of
autonomous vehicle technology that may compete with us in the

29 ² According to the Registration Statement, “Active Riders” is defined as “all riders who take
30 at least one ride on [Lyft’s] multimodal platform through the Lyft app during a quarter.”
31 Importantly, for Lyft’s “acquired businesses, including Motivate, only riders that have taken a ride
32 or rented a bike or scooter through [the] Lyft app during the quarter will count as an Active Rider.”

1 future, including Alphabet (Waymo). *Although we face intense*
2 *competition, our values, brand innovation and focused execution*
3 *have driven increased ridesharing market share in the United*
4 *States, growing from 22% in December 2016 to 39% in December*
5 *2018.*

6 [Emphasis added.]

7 57. With respect to its market share, Lyft also stated the following in the Prospectus:

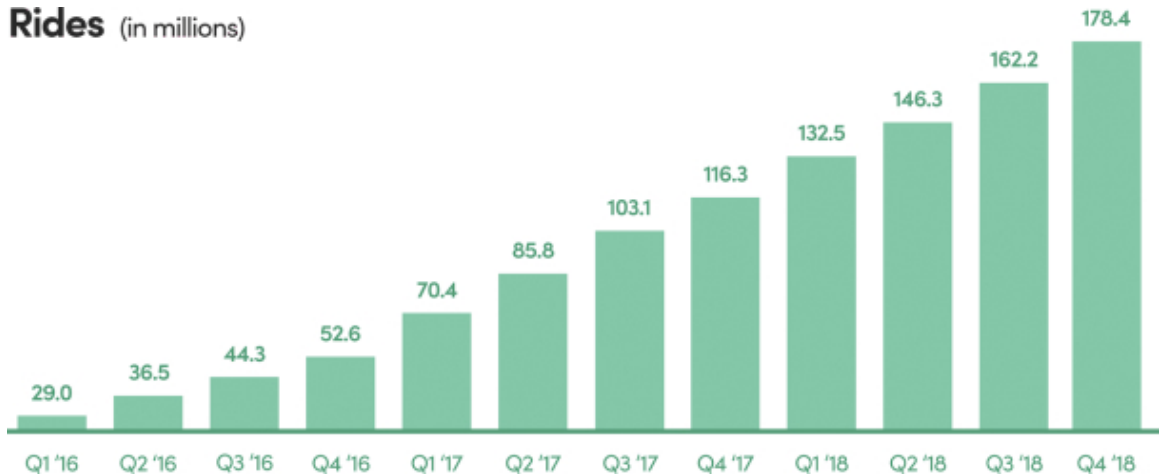
8 Certain U.S. ridesharing market share figures contained in this
9 prospectus are based on the number of rides provided by drivers using
10 Lyft or Uber in the United States, and such ride data was collected by
11 Rakuten Intelligence. Rakuten Intelligence's ride data was collected
12 using its proprietary technology that identifies rideshare confirmations
13 across a panel of over four million users of Rakuten Intelligence
14 products. Rakuten Intelligence then normalized such ride data to
15 account for certain overrepresented and underrepresented
16 demographic and geographic characteristics of its panel. Rakuten is
17 the parent company of Rakuten Intelligence, and entities affiliated
18 with Rakuten currently hold more than 5% of our outstanding Class A
19 common stock.

20 58. Lyft also told investors that it was well-positioned to continue to increase its market
21 share because it had a "Singular Focus on Transportation":

22 *Singular Focus on Transportation.* Transportation is not simply a
23 massive market opportunity, but also an extremely complex problem
24 demanding complete commitment and thoughtful execution. *We are*
25 *singularly focused on revolutionizing transportation. This enables*
26 *us to continually address the needs of a diverse and evolving user*
27 *base through innovative offerings, scale our user network and grow*
28 *our market share.* We believe that this focused approach is critical to
truly leading and winning the TaaS market.

59. The Offering Documents also represented that Lyft's total number of rides for its car,
bike, and scooter businesses continued to increase steadily each quarter, as reflected in the
following chart:

Rides (in millions)



60. The Offering Documents also stated:

Our Attractive Cohort Trends

We have a history of attracting new riders and expanding their use of our platform over time. We evaluate this trend by tracking annual cohorts of riders. We define a cohort of riders as riders who took their first Ride on our platform through the Lyft app in a specific year. For example, the 2015 cohort includes all riders that took their first Ride on our platform between January 1, 2015 and December 31, 2015. For example, the 2015 cohort data may include riders that took Rides throughout the entire year and riders that only took their first Ride on December 31, 2015. Each cohort typically experiences a larger percentage increase in Rides in its second year (*i.e.*, the first year during which the full cohort has been taking Rides throughout the entire year) than in subsequent years. We calculate our retention by dividing the aggregate number of Rides each cohort takes during each year by the aggregate number of Rides taken by such cohort in the first year such cohort took a Ride. For example, in 2018, the 2015 cohort took an aggregate of 66.9 million rides, representing 266% of the Rides taken by the cohort in 2015, which we believe reflects our ability to retain riders and increase their use of our platform over time. We believe this cohort data provides insight into the retention dynamics in our business, as it reflects growth in the total number of Rides taken by groups of riders over time and measures our ability to increase the aggregate number of Rides taken on our platform from period-to-period.

61. Lyft's Prospectus also stated:

We have made focused and substantial investments in support of our mission. For example, to continually launch new innovations on our platform, we have invested heavily in research and development and have completed multiple strategic acquisitions. We have also invested

1 in sales and marketing to grow our community, cultivate a
2 differentiated brand that resonates with drivers and riders and promote
3 further brand awareness. Together, these investments have enabled us
4 to create a powerful multimodal platform and scaled user network that
5 has resulted in the rapid growth of our business. ***Our U.S. ridesharing
6 market share was 39% in December 2018, up from 22% in
7 December 2016.***

8 * * *

9 ***Our revenue was \$343.3 million, \$1.1 billion and \$2.2 billion in
10 2016, 2017 and 2018, respectively, representing year-over-year
11 growth of 209% and 103% in 2017 and 2018, respectively.*** We
12 generated Bookings of \$1.9 billion, \$4.6 billion and \$8.1 billion in
13 2016, 2017 and 2018, respectively, representing year-over-year
14 growth of 141% and 76% in 2017 and 2018, respectively. Our net loss
15 was \$682.8 million, \$688.3 million and \$911.3 million in 2016, 2017
16 and 2018, respectively, and our Contribution was \$82.0 million,
17 \$400.9 million and \$920.8 million in 2016, 2017 and 2018,
18 respectively.

19 62. The Prospectus also stated:

20 *2017 Compared to 2018*

21 Revenue increased \$1.1 billion, or 103%, in the year ended December
22 31, 2018 compared to the prior year. The increase was driven by a
23 76% increase in Bookings and a 17% increase in Revenue as a
24 Percentage of Bookings. The increase in Bookings was primarily
25 related to a 65% increase in Rides, driven primarily by an increase of
26 between 47% and 74% in Active Riders in each of the quarters of
27 2018 compared to the same periods in 2017.

28 The increase in Active Riders was primarily due to an increase in our
market share and wider market adoption of ridesharing. Revenue as a
Percentage of Bookings increased four percentage points from 23%
for the year ended December 31, 2017 to 27% for the year ended
December 31, 2018. This four percentage point improvement in
Revenue as a Percentage of Bookings was driven by greater
efficiency and effectiveness of driver incentives, which contributed
approximately two percentage points, increased service fees and
commissions, which contributed approximately one percentage point
and revenue from the Select Express Drive Partner program, which
contributed approximately one percentage point.

63. The Registration Statement also addressed Motivate, making the following
representations concerning the purpose behind the Company's acquisition of the bikesharing outfit:

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

4 * * *

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

11 * * *

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

20 [Emphasis added.]

21 64. The foregoing statements were materially inaccurate, misleading, and/or incomplete
22 because they failed to disclose, *inter alia*, that: (1) more than 1,000 of the bicycles in Lyft's
23 rideshare program suffered from safety issues that would lead to their recall; and (2) Lyft's asserted
24 ridesharing market was overstated.

25 65. Lyft's Registration Statement, including the Prospectus incorporated therein,
26 presented a highly positive picture of the Company's business, performance, prospects and
27 products, while omitting these known trends and facts that had already had a materially unfavorable
28 impact on Lyft's revenues and net losses at the time of the IPO. *See* Item 303 of SEC Reg. S-K, 17
C.F.R. §229.303(a)(3)(ii) (requiring that the materials incorporated in a registration statement
disclose all "known trends or uncertainties" reasonably expected to have a material, unfavorable
impact on a company's operations).

66. The Registration Statement contained pages and pages of numerous generalized
possible "Risk Factors" that might occur and "[i]n case" they did actually occur, then Lyft's

1 financial condition and results of operation “*could* be materially and adversely affected.” Those
2 statements were false or misleading and omitted material information. For example, the
3 Registration Statement stated that “We face intense competition and *could lose market share to our*
4 *competitors*, which could adversely affect our business, financial condition and results of
5 operations.” In reality, Lyft had already lost market share to Uber and the Prospectus’ statement
6 that Lyft had a 39% market share was false and misleading because its market share was less than
7 39% and Lyft had already lost market share to Uber. Likewise the Registration Statement said “*If*
8 *we fail to cost-effectively attract and retain qualified drivers, or to increase utilization of our*
9 *platform by existing drivers, our business, financial condition and results of operations could be*
10 *harmed.*” In reality, Lyft was already failing to attract and retain drivers in a cost-effective manner,
11 thereby imperiling future growth. What the Registration Statement described as future possibilities
12 had *already* occurred.

13 67. The statements identified above that Lyft made in the Offering Documents were
14 materially false and misleading when made because, in addition to what was stated above, they
15 failed to disclose:

- 16 a) that Lyft’s market share and position were overstated and that growth had
17 significantly slowed at Lyft;
- 18 (b) that Lyft’s growth had been acquired at greater expense than disclosed and in
19 a manner that was not cost-effective, thereby imperiling future growth and market share;
- 20 (c) that there were significant safety problems with some of its bicycles; and
- 21 (d) that the Company’s business, prospects and ability to achieve growth had
22 been materially impaired by the time of the IPO as a result of adverse industry, sales and earnings
23 trends.
24

25 68. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R. §229.303(a)(3)(ii), required
26 defendants to “[d]escribe any known trends or uncertainties that have had or that the registrant
27 reasonably expects will have a material favorable or unfavorable impact on the sales or revenues or
28

1 income from continuing operations.” Similarly, Item 503 of SEC Regulation S-K, 17 C.F.R.
2 §229.503, requires, in the “Risk Factor” section of registration statements and prospectuses, “a
3 discussion of the most significant factors that make the offering speculative or risky” and that each
4 risk factor “adequately describes the risk.” The failure of the Registration Statement to disclose that
5 the Company was experiencing adverse growth and earnings trends violated 17 C.F.R.
6 §229.303(a)(3)(ii), because these undisclosed facts would (and did) have an unfavorable impact on
7 the Company’s sales, revenues and income from continuing operations. This failure also violated
8 17 C.F.R. §229.503, because these specific risks were not adequately disclosed, or disclosed at all,
9 even though they were some of the most significant factors that made an investment in shares of
10 Lyft Class A common stock speculative or risky.

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

14 70. Further, on April 15, 2019, the New York Times reported that Citi Bike was pulling
15 1,000 bicycles in New York, and more in Washington, D.C., and San Francisco, California, in the
16 wake of dozens of reported injuries and safety concerns.

17 71. In response to these revelations, the Company’s shares fell sharply to under \$57.00.

18 72. At the time of the filing of this action, Lyft stock was trading in the range of \$60 per
19 share, having plummeted in response to information reflecting the materialization of significant
20 risks misrepresented and omitted from the Registration Statement as alleged herein.

21 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

22 73. Plaintiff brings this action under California Code of Civil Procedure §382 as a class
23 action on behalf of a class consisting of all purchasers of Lyft common stock in and/or traceable to
24 the Company’s IPO and who were damaged thereby (the “Class”). Excluded from the Class are
25 Defendants and their families, the officers and directors of the Company at all relevant times,
26 members of their immediate families and their legal representatives, heirs, successors or assigns and
27 any entity in which defendants have or had a controlling interest.

28 74. The members of the Class are so numerous that joinder of all members is

1 impracticable. Lyft sold 32,500,000 shares of its common stock in the IPO. While the exact number
2 of Class members is unknown to Plaintiff at this time and can only be ascertained through
3 appropriate discovery, Plaintiff believes that there are hundreds or thousands of members of the
4 proposed Class. The members of the proposed Class may be identified from records maintained by
5 Lyft or its transfer agent and may be notified of the pendency of this action by mail, using
6 customary forms of notice that are commonly used in securities class actions.

7 75. Plaintiff's claims are typical of the claims of the members of the Class as all
8 members of the Class are similarly affected by defendants' wrongful conduct.

9 76. Plaintiff will fairly and adequately protect the interests of the members of the Class
10 and has retained counsel competent and experienced in class and securities litigation.

11 77. Common questions of law and fact exist as to all members of the Class and
12 predominate over any questions solely affecting individual members of the Class. Among the
13 questions of law and fact common to the Class are:

- 14 a. whether the federal securities laws were violated by Defendants' acts as
15 alleged herein;
- 16 b. whether the Registration Statement and Prospectus contained materially false
17 and misleading statements and omissions; and
- 18 c. to what extent Plaintiff and members of the Class have sustained damages
19 and the proper measure of damages.

20 78. A class action is superior to all other available methods for the fair and efficient
21 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
22 damages suffered by individual Class members may be relatively small, the expense and burden of
23 individual litigation make it impossible for members of the Class to individually redress the wrongs
24 done to them. There will be no difficulty in the management of this action as a class action.

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FIRST CAUSE OF ACTION
Violation of §11 of the Securities Act Against All Defendants

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2
3 79. Plaintiff repeats and realleges each and every allegation contained above as if fully
4 set forth herein.

5 80. This claim is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on
6 behalf of the Class, against each of the Defendants.

7 81. The Registration Statement was inaccurate and misleading, contained untrue
8 statements of material facts, omitted facts necessary to make the statements made therein not
9 misleading, and omitted to state material facts required to be stated therein.

10 82. The Company is the issuer of the securities purchased by Plaintiff and the Class. As
11 such, the Company is strictly liable for the materially inaccurate statements contained in the
12 Registration Statement and the failure of the Registration Statement to be complete and accurate.

13 83. The Individual Defendants each signed the Registration Statement. As such, each is
14 strictly liable for the materially inaccurate statements contained in the Registration Statement and
15 the failure of the Registration Statement to be complete and accurate, unless they are able to carry
16 their burden of establishing an affirmative “due diligence” defense. The Individual Defendants
17 each had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of
18 the statements contained in the Registration Statement and ensure that they were true and accurate,
19 that there were no omissions of material facts that would make the Registration Statement
20 misleading, and that the documents contained all facts required to be stated therein. In the exercise
21 of reasonable care, the Individual Defendants should have known of the material misstatements and
22 omissions contained in the Registration Statement and also should have known of the omissions of
23 material fact necessary to make the statements made therein not misleading. Accordingly, the
24 Individual Defendants are liable to Plaintiff and the Class.

25 84. The Underwriter Defendants each served as underwriters in connection with the
26 Offering. As such, each is strictly liable for the materially inaccurate statements contained in the
27 Registration Statement and the failure of the Registration Statement to be complete and accurate,
28 unless they are able to carry their burden of establishing an affirmative “due diligence” defense.

1 The Underwriter Defendants each had a duty to make a reasonable and diligent investigation of the
2 truthfulness and accuracy of the statements contained in the Registration Statement. They had a
3 duty to ensure that such statements were true and accurate, there were no omissions of material facts
4 that would make the Registration Statement misleading, and the documents contained all facts
5 required to be stated therein. In the exercise of reasonable care, the Underwriter Defendants should
6 have known of the material misstatements and omissions contained in the Registration Statement
7 and also should have known of the omissions of material facts necessary to make the statements
8 made therein not misleading. Accordingly, each of the Underwriter Defendants is liable to Plaintiff
9 and the Class.

10 85. By reason of the conduct herein alleged, each Defendant violated §11 of the
11 Securities Act.

12 86. Plaintiff acquired the Company's common stock pursuant or traceable to the
13 Registration Statement and without knowledge of the untruths and/or omissions alleged herein.
14 Plaintiff sustained damages, and the price of the Company's common stock declined substantially
15 due to material misstatements in the Registration Statement.

16 87. This claim is brought within one year after the discovery of the untrue statements
17 and omissions and within three years of the date of the Offering.

18 88. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled
19 to damages under §11, as measured by the provisions of §11(e), from the Defendants and each of
20 them, jointly and severally.

21
22 **SECOND CAUSE OF ACTION**
Violation of §12(a)(2) of the Securities Act Against All Defendants

23 89. Plaintiff repeats and realleges each and every allegation contained above as if fully
24 set forth herein.

25 90. This claim is brought pursuant to §12(a)(2) of the Securities Act, 15 U.S.C.
26 §77l(a)(2), on behalf of the Class, against each of the Defendants.

1 91. Defendants were sellers, offerors, and/or solicitors of purchasers of the Company's
2 securities offered pursuant to the Offering. Defendants issued, caused to be issued, and signed the
3 Registration Statement in connection with the Offering. The Registration Statement was used to
4 induce investors, such as Plaintiff and the other members of the Class, to purchase the Company's
5 shares.

6 92. The Registration Statement contained untrue statements of material facts, omitted to
7 state other facts necessary to make the statements made not misleading, and omitted material facts
8 required to be stated therein. Defendants' acts of solicitation included participating in the
9 preparation of the false and misleading Registration Statement.

10 93. As set forth more specifically above, the Registration Statement contained untrue
11 statements of material facts and omitted to state material facts necessary in order to make the
12 statements, in light of circumstances in which they were made, not misleading.

13 94. Plaintiff and the other Class members did not know, nor could they have known, of
14 the untruths or omissions contained in the Registration Statement.

15 95. The Defendants were obligated to make a reasonable and diligent investigation of the
16 statements contained in the Registration Statement to ensure that such statements were true and that
17 there was no omission of material fact required to be stated in order to make the statements
18 contained therein not misleading. None of the Defendants made a reasonable investigation or
19 possessed reasonable grounds for the belief that the statements contained in the Registration
20 Statement were accurate and complete in all material respects. Had they done so, these Defendants
21 could have known of the material misstatements and omissions alleged herein.

22 96. This claim is brought within one year after discovery of the untrue statements and
23 omissions in the Registration Statement and within three years after the Company's shares were
24 sold to the Class in connection with the Offering.

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1 **THIRD CAUSE OF ACTION**

2 **Violation of §15 of the Securities Act Against All Individual Defendants**

3 97. Plaintiff repeats and realleges each and every allegation contained above as if fully
4 set forth herein.

5 98. This claim is brought pursuant to §15 of the Securities Act, 15 U.S.C. §77o, on
6 behalf of the Class, against the Individual Defendants.

7 99. The Individual Defendants were controlling persons of the Company within the
8 meaning of §15 of the Securities Act. By reason of their ownership interest in, senior management
9 positions at, and/or directorships held at the Company, as alleged above, these Defendants invested
10 in, individually and collectively, had the power to influence, and exercised control over the
11 Company to cause it to engage in the conduct complained of herein. The Prospectus stated that,
12 following the IPO, Defendant Green will control approximately 29.21% of the voting power of the
13 Company through his Class A and Class B shares. The Prospectus also stated that, following the
14 IPO, Defendant Zimmer will control approximately 19.38% of the voting power of the Company
15 through his Class A and Class B shares.

16 100. By reason of such wrongful conduct, the Individual Defendants are liable pursuant to
17 §15 of the Securities Act. As a direct and proximate result of the wrongful conduct, Class members
18 suffered damages in connection with their purchases of the Company's shares.

19 **REQUEST FOR RELIEF**

20 WHEREFORE, Plaintiff prays for judgment as follows:

21 A. Declaring this action to be a proper class action and certifying Plaintiff as the Class
22 Representative;

23 B. Awarding Plaintiff and the other members of the Class compensatory damages;

24 C. Awarding Plaintiff and the other members of the Class rescission on their §12(a)(2)
25 claims;

26 D. Awarding Plaintiff and the other members of the Class pre-judgment and post-
27 judgment interest, as well as reasonable attorneys' fees, expert witness fees, and other costs and
28 disbursements; and

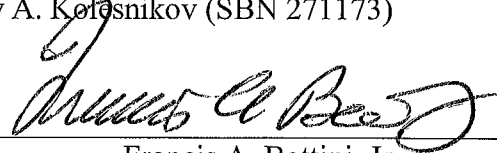
1 E. Awarding Plaintiff and the other members of the Class such other and further relief
2 as the Court may deem just and proper.

3 **JURY TRIAL DEMANDED**

4 Plaintiff hereby demands a trial by jury.

5 Dated: April 24, 2019

BOTTINI & BOTTINI, INC.
Francis A. Bottini, Jr. (SBN 175783)
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