

1 BOTTINI & BOTTINI, INC.
 2 Francis A. Bottini, Jr. (SBN 175783)
 3 Albert Y. Chang (SBN 296065)
 4 Yury A. Kolesnikov (SBN 271173)
 5 7817 Ivanhoe Avenue, Suite 102
 6 La Jolla, California 92037
 7 Telephone: (858) 914-2001
 8 Facsimile: (858) 914-2002
 9 E-mail: fbottini@bottinilaw.com
 10 achang@bottinilaw.com
 11 ykolesnikov@bottinilaw.com

12 *Attorneys for Plaintiff*

13
 14 **UNITED STATES DISTRICT COURT**
 15 **CENTRAL DISTRICT OF CALIFORNIA**
 16 **SOUTHERN DIVISION**

17 ELJON LAKO, Individually and on
18 Behalf of All Others Similarly Situated,

19 Plaintiff,

20 v.

21 LOANDEPOT, INC., ANTHONY
 22 HSIEH, PATRICK FLANAGAN,
 23 NICOLE CARRILLO, ANDREW C.
 24 DODSON, JOHN C. DORMAN, BRIAN
 25 P. GOLSON, DAWN LEPORE,
 26 GOLDMAN SACHS & CO. LLC,
 27 BOFA SECURITIES, INC., CREDIT
 28 SUISSE SECURITIES (USA) LLC,
 MORGAN STANLEY & CO. LLC,
 BARCLAYS CAPITAL INC.,
 CITIGROUP GLOBAL MARKET INC.,
 JEFFERIES LLC, UBS SECURITIES
 LLC, WILLIAM BLAIR & COMPANY,
 L.L.C., JMP SECURITIES LLC, PIPER
 SANDLER & CO., RAYMOND JAMES

Case No. 8:21-cv-1449

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 & ASSOCIATES, INC., NOMURA
2 SECURITIES INTERNATIONAL,
3 INC., AMERIVET SECURITIES, INC.,
4 and DOES 1 through 100, inclusive,

Defendants.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

12 **NATURE OF THE ACTION**

13 1. This is a securities class action on behalf of all persons and entities who
14 purchased or acquired shares of loanDepot, Inc. (“loanDepot” or the “Company”)
15 pursuant or traceable to the Company’s Registration Statement and Prospectus
16 (together, the “Offering Documents”) issued in connection with the Company’s
17 February 16, 2021 initial public offering (the “IPO” or the “Offering”), seeking to
18 pursue remedies under Sections 11 and 15 of the Securities Act of 1933 (the “Securities
19 Act”).

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

1 3. In its IPO, loanDepot sold 3,850,000 shares of its Class A common stock
2 to the public at a price of \$14.00 per share for total proceeds of approximately \$54
3 million, net of underwriting discounts and commissions. The underwriters were paid
4 commissions of at least \$3,234,000 for conducting their purported due diligence and
5 selling loanDepot stock to the public in connection with the IPO.

6 4. On November 11, 2021, the Company filed its Prospectus on Form 424B4
7 with the SEC, which forms part of the Registration Statement.

8 5. loanDepot’s Prospectus issued in connection with the IPO described the
9 Company as follows:

10 “loanDepot is a customer-centric, technology-empowered
11 residential mortgage platform with a widely recognized
12 consumer brand. We launched our business in 2010 to
13 disrupt the legacy mortgage industry and make obtaining
14 a mortgage a positive experience for consumers. We have
15 built a leading technology platform designed around the
16 consumer that has redefined the mortgage process. Our
17 digital-first approach has allowed us to become one of the
18 fastest-growing, at-scale mortgage originators in the U.S.
19 We are the second largest retail-focused non-bank
20 mortgage originator and the fifth largest overall retail
21 originator, according to Inside Mortgage Finance. ... Our
22 innovative culture and contemporary consumer brand
23 represent key differentiators for loanDepot. We have
24 fostered an entrepreneurial mindset and relentlessly
25 deliver an exceptional experience to our customers. Our
26 guiding principle is to delight our customers by exceeding
27 their expectations. ... We are a data driven company. We
28

1 utilize data from lead acquisition, digital marketing, in-
2 market relationships, and our servicing portfolio to
3 identify and acquire new customers and retain our existing
4 customers. During the last twelve months, we have
5 analyzed, enriched, and optimized more than 9 million
6 customer leads with a deep understanding of each
7 potential customer’s financial profile and needs. We also
8 maintain mello DataMart, an extensive proprietary data
9 warehouse of over 38 million contacts generated over our
10 ten-year history. Our predictive analytics, machine
11 learning and artificial intelligence drive optimized lead
12 performance. ...Our national brand along with our
13 expertise in digital marketing, big data and marketing
14 analytics, not only drives new customer acquisition, but
15 also maximizes retention and customer lifetime value. We
16 leverage these capabilities to “recapture” existing
17 customers for subsequent refinance and purchase
18 transactions. ...Our platform and technology create a
19 significant financial advantage. Our brand effectiveness
20 and marketing capabilities optimize our customer
21 acquisition costs, and our automation reduces unnecessary
22 expenses throughout the origination process. We are able
23 to scale quickly and efficiently which allows us to grow
24 both transaction volume and profitability.”

25
26 6. The Registration Statement was negligently prepared and omitted to
27 disclose material adverse facts. Specifically, Defendants failed to disclose to investors:
28 (1) that the Company’s refinance originations had already declined substantially at the

1 time of the IPO due to industry over-capacity and increased competition; (2) that the
2 Company's gain-on-sale margins had already declined substantially at the time of the
3 IPO; (3) that, as a result, the Company's revenue and growth would be negatively
4 impacted; and (4) that, as a result of the foregoing, Defendants' positive statements
5 about the Company's business, operations, and prospects were materially misleading
6 and/or lacked a reasonable basis.

7 7. By August 17, 2021, loanDepot's stock fell to \$8.07 per share, a more
8 than 42% decline from the IPO price, having plummeted in response to information
9 reflecting the materialization of significant risks misrepresented and omitted from the
10 Registration Statement as alleged herein.

11 JURISDICTION AND VENUE

12 8. This Court has subject matter jurisdiction over this action pursuant to §10
13 and §22 of the Securities Act, 15 U.S.C. §77v. The claims alleged herein arise under
14 §§11 and 15 of the Securities Act. *See* 15 U.S.C. §§77k, 77l(a)(2), and 77o,
15 respectively.

16 9. This Court has personal jurisdiction over each Defendant named herein
17 because each conducted business in, resided in, and/or was a citizen of California at
18 the time of the Offering and engaged in conduct giving rise to the claims asserted in
19 this lawsuit in this District.

20 10. Venue is proper because many of the Defendants named herein reside in
21 this County or have their principal office located in this County. Defendant Loan Depot
22 is headquartered at 26642 Towne Centre Drive, Foothill Ranch, California 92610.

23 THE PARTIES

24 A. Plaintiff

25 11. Plaintiff Eljon Lako purchased loanDepot common stock pursuant and/or
26 traceable to the Registration Statement and Prospectus issued in connection with the
27 Company's IPO and has been damaged thereby. Plaintiff's transactions in the
28

1 Company's stock during the Class Period are identified in the attached certification.
2 Defendants solicited Plaintiff's purchase of loanDepot stock.

3 **B. LoanDepot and the Individual Defendants**

4 12. Defendant loanDepot. is a corporation with principal executive offices
5 located at 26642 Towne Centre Drive Foothill Ranch, California. loanDepot's Class
6 A common stock trades on the New York Stock Exchange ("NYSE") under the symbol
7 "LDI."

8 13. Defendant Anthony Hsieh ("Hsieh") at all relevant times, was the founder,
9 Chairman and Chief Executive Officer of the Company, and signed or authorized the
10 signing of the Company's Registration Statement filed with the SEC. Hsieh is a
11 resident of Orange County, California.

12 14. Defendant Patrick Flanagan ("Flanagan") at all relevant times, was the
13 Chief Financial Officer of the Company, and signed or authorized the signing of the
14 Company's Registration Statement filed with the SEC. Flanagan is a resident of
15 Orange County, California.

16 15. Defendant Nicole Carrillo ("Carrillo") was, at all relevant times, the
17 Executive Vice President of the Company, and signed or authorized the signing of the
18 Company's Registration Statement filed with the SEC. Carrillo is also a resident of
19 Orange County, California.

20 16. Defendant Andrew C. Dodson ("Dodson") at all relevant times, was a
21 director of the Company, and signed a consent form dated January 11, 2021 authorizing
22 his name to be included in the Company's Registration Statement filed with the SEC
23 as a director nominee of loanDepot.

24 17. Defendant John C. Dorman ("Dorman") at all relevant times, was a
25 director of the Company, and signed a consent form dated January 11, 2021 authorizing
26 his name to be included in the Company's Registration Statement filed with the SEC
27 as a director nominee of loanDepot.
28

1 18. Defendant Brian P. Golson (“Golson”) at all relevant times, was a director
 2 of the Company, and signed a consent form dated January 11, 2021 authorizing his
 3 name to be included in the Company’s Registration Statement filed with the SEC as a
 4 director nominee of loanDepot.

5 19. Defendant Dawn Lepor (“Lepor”) at all relevant times, was a director of
 6 the Company, and signed a consent form dated January 11, 2021 authorizing his name
 7 to be included in the Company’s Registration Statement filed with the SEC as a director
 8 nominee of loanDepot.

9 20. The Defendants named above in ¶¶13-19 are collectively referred to
 10 herein as the
 11 “Individual Defendants.”

12 C. The Underwriter Defendants

13 21. The following underwriters participated in the IPO, including the
 14 roadshows, due diligence, solicitation of the purchase of loanDepot stock by the public,
 15 and/or assistance in the preparation of the Offering Documents. Each underwriter
 16 agreed to purchase the number of shares indicated in the following table. Goldman
 17 Sachs & Co. LLC, BofA Securities, Inc., Credit Suisse Securities (USA) LLC and
 18 Morgan Stanley & Co. LLC were the representatives of the underwriters.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman Sachs & Co. LLC	777,219
BofA Securities, Inc.	688,989
Credit Suisse Securities (USA) LLC	688,989
Morgan Stanley & Co. LLC	688,989
Barclays Capital Inc.	180,870
Citigroup Global Markets Inc.	180,870
Jefferies LLC	180,870
UBS Securities LLC	180,870
William Blair & Company, L.L.C.	92,640
JMP Securities LLC	46,938
Piper Sandler & Co.	46,938
Raymond James & Associates, Inc.	46,938
Nomura Securities International, Inc.	38,291
AmeriVet Securities, Inc..	10,589
Total	3,850,000

1 22. The Underwriter Defendants also had an over-allotment, or “greenshoe”
2 option, to buy an additional 577,500 shares. Upon information and belief, the
3 Underwriters exercised that option and a total of 577,500 shares were sold to the public
4 by the Company and Underwriters in the IPO.

5 23. Defendant Goldman Sachs & Co. LLC (“Goldman Sachs”) was an
6 underwriter of the Company’s Offering, serving as a financial advisor for and assisting
7 in the preparation and dissemination of the Company’s false and misleading
8 Registration Statement and Prospectus. Goldman Sachs acted as a representative of all
9 the underwriters. Goldman Sachs also participated in conducting and promoting the
10 roadshow for the Offering and paying for the expenses of the Individual Defendants
11 who participated in the roadshow, including lodging and travel, among other expenses.
12 Goldman Sachs’ participation in the solicitation of the Offering was motivated by its
13 financial interests. Defendant Goldman Sachs conducts business in the state of
14 California and has offices in Orange County, including an office at 8105 Irvine Center
15 Drive, Suite 560, Irvine, California 92618.

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

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

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

6 26. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") was an
7 underwriter of the Company's Offering, serving as a financial advisor for and assisting
8 in the preparation and dissemination of the Company's false and misleading
9 Registration Statement and Prospectus. Morgan Stanley acted as a representative of
10 all the underwriters. Morgan Stanley also participated in conducting and promoting
11 the roadshow for the Offering and paying for the expenses of the Individual Defendants
12 who participated in the roadshow, including lodging and travel, among other expenses.
13 Morgan Stanley's participation in the solicitation of the Offering was motivated by its
14 financial interests. Defendant Morgan Stanley conducts business in the state of
15 California and has offices in this District at 800 Newport Center Dr., Ste 500, Newport
16 Beach, CA 92660.

17 27. Defendant Barclays Capital Inc. ("Barclays") was an underwriter of the
18 Company's Offering, serving as a financial advisor for and assisting in the preparation
19 and dissemination of the Company's false and misleading Registration Statement and
20 Prospectus. Barclays also participated in conducting and promoting the roadshow for
21 the Offering and paying for the expenses of the Individual Defendants who participated
22 in the roadshow, including lodging and travel, among other expenses. Barclays's
23 participation in the solicitation of the Offering was motivated by its financial interests.
24 Defendant Barclays conducts business in the state of California and has offices at
25 10250 Constellation Boulevard, 24th Floor, Los Angeles, CA 90067.

26 28. Defendant Citigroup Global Markets Inc. ("Citigroup") was an
27 underwriter of the Company's Offering, serving as a financial advisor for and assisting
28 in the preparation and dissemination of the Company's false and misleading

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

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

15 30. Defendant UBS Securities LLC ("UBS") was an underwriter of the
16 Company's Offering, serving as a financial advisor for and assisting in the preparation
17 and dissemination of the Company's false and misleading Registration Statement and
18 Prospectus. UBS also participated in conducting and promoting the roadshow for the
19 Offering and paying for the expenses of the Individual Defendants who participated in
20 the roadshow, including lodging and travel, among other expenses. UBS's participation
21 in the solicitation of the Offering was motivated by its financial interests. Defendant
22 Barclays conducts business in the state of California and has offices at 20 Pacifica,
23 Suite 1500, Irvine, CA 92618.

24 31. Defendant William Blair & Company, L.L.C. ("William Blair") was an
25 underwriter of the Company's Offering, serving as a financial advisor for and assisting
26 in the preparation and dissemination of the Company's false and misleading
27 Registration Statement and Prospectus. William Blair also participated in conducting
28 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,
2 among other expenses. William Blair’s participation in the solicitation of the Offering
3 was motivated by its financial interests. Defendant William Blair conducts business in
4 the State of California.

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

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

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

1 Offering was motivated by its financial interests. Defendant Raymond James conducts
2 business in the State of California.

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

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

20 37. Defendants listed in ¶¶23-36 are collectively referred to herein as the
21 “Underwriter Defendants.” LoanDepot, the Individual Defendants, and the
22 Underwriter Defendants are collectively referred to herein as the “Defendants.”

23 38. Pursuant to the Securities Act, the Underwriter Defendants are liable for
24 the false and misleading statements in the Offering’s Registration Statement and
25 Prospectus. The Underwriter Defendants’ failure to conduct adequate due diligence
26 investigations was a substantial factor leading to the harm complained of herein.

27 39. The Underwriter Defendants are primarily investment banking houses that
28 specialize, *inter alia*, in underwriting public offerings of securities. As the underwriters

1 of the Offering, the Underwriter Defendants earned lucrative underwriting fees as a
2 result of their participation in the Offering.

3 40. In addition, the Underwriter Defendants met with potential investors and
4 presented highly favorable, but materially incorrect and/or materially misleading,
5 information about the Company, its business, products, plans, and financial prospects,
6 and/or omitted to disclose material information required to be disclosed under the
7 federal securities laws and applicable regulations promulgated thereunder.

8 41. Representatives of the Underwriter Defendants also assisted the Company
9 and Individual Defendants in planning the Offering. They further purported to conduct
10 an adequate and reasonable investigation into the business, operations, products, and
11 plans of the Company, an undertaking known as a “due diligence” investigation.
12 During the course of their “due diligence,” the Underwriter Defendants had continual
13 access to confidential corporate information concerning the Company’s business,
14 financial condition, products, plans, and prospects.

15 42. In addition to having access to internal corporate documents, the
16 Underwriter Defendants and/or their agents, including their counsel, had access to the
17 Company’s lawyers, management, directors, and top executives to determine: (i) the
18 strategy to best accomplish the Offering; (ii) the terms of the Offering, including the
19 price at which the Company’s common stock would be sold; (iii) the language to be
20 used in the Registration Statement; (iv) what disclosures about the Company would be
21 made in the Registration Statement; and (v) what responses would be made to the SEC
22 in connection with its review of the Registration Statement. As a result of those
23 constant contacts and communications between the Underwriter Defendants’
24 representatives and the Company’s management and top executives, at a minimum, the
25 Underwriter Defendants should have known of the Company’s undisclosed existing
26 problems and plans, and the material misstatements and omissions contained in the
27 Registration Statement, as detailed herein.

28

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

5 **D. Doe Defendants**

6 44. Various other individuals, partnerships, corporations, and other business
7 entities, unknown to Plaintiff, have participated in the violations alleged herein and
8 have performed acts and made statements in furtherance thereof. Because the true
9 names and capacities of these defendants are unknown to Plaintiff, Plaintiff sues these
10 defendants as Doe Defendants 1–100. Plaintiff will amend the complaint to show the
11 true names and capacities of these defendants when they have been ascertained.

12 45. Plaintiff is informed and believes, and on that basis alleges, that each of
13 the fictitiously-named defendants is responsible in some manner for the occurrences
14 herein alleged, and that Plaintiff's injuries as herein alleged were proximately caused
15 by conduct of these fictitiously-named defendants. Among other things, the Doe
16 Defendants participated in the making of false and misleading statements in the
17 Offering Documents, were control persons, and/or solicited the purchase of stock by
18 Class Members in the IPO.

19
20 **SUBSTANTIVE ALLEGATIONS**

21 46. loanDepot is an independent retail mortgage lender that provides
22 residential loans, refinance loans, and personal loan products nationwide. The
23 Prospectus for the Company's IPO described the Company's business as follows:

24 loanDepot is a customer-centric, technology-empowered
25 residential mortgage platform with a widely recognized
26 consumer brand. We launched our business in 2010 to disrupt
27 the legacy mortgage industry and make obtaining a mortgage
28 a positive experience for consumers. We have built a leading
technology platform designed around the consumer that has

1 redefined the mortgage process. Our digital-first approach
2 has allowed us to become one of the fastest-growing, at-scale
3 mortgage originators in the U.S. ...

4 Consumer-facing industries continue to be disrupted by
5 technological innovation. The mortgage industry is no
6 different with consumers expecting increased levels of
7 convenience and speed. *The residential mortgage market in
8 the U.S. is massive—with approximately \$11.0 trillion of
9 mortgages outstanding as of September 30, 2020—and is
10 largely served by legacy mortgage originators, which
11 require consumers to navigate time-consuming and paper-
12 based processes to apply for and obtain mortgage loans.
13 mello®*, our proprietary end-to-end technology platform,
14 combined with our differentiated data analytics capabilities
15 and nationally recognized consumer brand, uniquely
16 positions us to capitalize on the ongoing shift towards
17 at-scale, digitally-enabled platforms. ...

18 *Our innovative culture and contemporary consumer brand*
19 *represent key differentiators for loanDepot.* We have
20 fostered an entrepreneurial mindset and relentlessly deliver
21 an exceptional experience to our customers. Our guiding
22 principle is to delight our customers by exceeding their
23 expectations.

24 We are a data driven company. We utilize data from lead
25 acquisition, digital marketing, in-market relationships, and
26 our servicing portfolio to identify and acquire new customers
27 and retain our existing customers. During the last twelve
28 months, we have analyzed, enriched, and optimized more
than 9 million customer leads with a deep understanding of
each potential customer's financial profile and needs. We
also maintain *mello DataMart*, an extensive proprietary data
warehouse of over 38 million contacts generated over our
ten-year history. Our predictive analytics, machine learning
and artificial intelligence drive optimized lead performance.

We leverage our brand, technology and data to serve
customers across our two interconnected strategies: Retail
and Partner. Our Retail strategy focuses on directly reaching

1 consumers through a combination of digital marketing and
2 more than 2,000 digitally-empowered licensed mortgage
3 professionals. In our Partner strategy, we have established
4 deep relationships with mortgage brokers, realtors, joint
5 ventures with home builders, and other referral partners.
6 These partnerships are valuable origination sources with
7 lower customer acquisition costs. Our technology is a key
8 component of the value proposition to these partner
9 relationships, allowing us to integrate directly into our
10 partners' native systems. We maintain integrated referral
11 relationships with several leading brands, including a
12 partnership with one of the 10 largest U.S. retail banks by
13 total assets. During 2019, our Retail strategy produced 72%
14 of our origination volume, with our Partner strategy
15 representing the remaining 28%.

16 Our digital-first approach across our Retail and Partner
17 strategies leverages the power of *mello*® to create a
18 streamlined experience for consumers. Our predictive
19 models route leads to the right loan officer at the right time
20 to optimize the consumer's experience and best serve their
21 needs. Based on each consumer's needs and preferences,
22 leads are directed to in-house or in-market loan officers, team
23 members at our centralized operations locations, or our
24 digital self-service platform. Our in-market loan officers are
25 able to leverage their long-term relationships as well as our
26 proprietary *mello*® platform and loanDepot brand, driving
27 improved profitability per loan officer.

28 Our national brand along with our expertise in digital
marketing, big data and marketing analytics, not only drives
new customer acquisition, but also maximizes retention and
customer lifetime value. We leverage these capabilities to
"recapture" existing customers for subsequent refinance and
purchase transactions. ***Our recapture rates are among the
highest in the industry — for the nine months ended
September 30, 2020, our organic refinance consumer direct
recapture rate was 61% highlighting the efficacy of our
marketing efforts and the strength of our customer
relationships. This compares to an industry average
refinance recapture rate of only 18% for the three months***

1 *ended September 30, 2020* according to Black Knight
2 Mortgage Monitor. In addition, we achieved an overall
3 organic recapture rate of 47% for the nine months ended
4 September 30, 2020. *Our recapture originations have lower
5 customer acquisition costs than originations to new
6 customers, positively impacting our profit margins.*

7 *We have significantly increased our originations market
8 share from 1.0% in 2014 to 2.6% for the first nine months
9 of 2020, and our strong consumer brand and proprietary
10 technology platform have positioned us to continue gaining
11 additional share.* Our Retail and Partner strategies have led
12 to a balanced mix of purchase and refinance mortgages, with
13 purchase originations representing 41% of total originations
14 in 2019. We have a well-defined plan to accelerate this
15 growth by expanding upon our technological and brand
16 advantages, growing our market share in both purchase and
17 refinance markets, and further increasing customer retention
18 and lifetime value. Secular demographic and housing market
19 tailwinds provide further support for our competitive
20 advantages.

21 *Our platform and technology create a significant financial
22 advantage.* Our brand effectiveness and marketing
23 capabilities optimize our customer acquisition costs, and our
24 automation reduces unnecessary expenses throughout the
25 origination process. We are able to scale quickly and
26 efficiently which allows us to grow both transaction volume
27 and profitability. During the COVID-19 pandemic, our
28 technology platform and culture enabled us to hire, train and
onboard over 3,500 new team members remotely. Our
growth and profitability during the last nine months is further
evidence of the scalability of our platform and validates the
investments we have made in our brand and our technology.
*For the nine months ended September 30, 2020, we
generated \$63.4 billion in originations (116% year-over-
year growth), \$3.0 billion in revenue (227% year-over-year
growth), \$1,465.9 million in net income and \$1,085.9
million in adjusted net income, making us one of the
fastest-growing and most profitable companies in our
industry.*

47. Prior to the IPO, the Company was majority owned by founder and CEO Anthony Hsieh (61%) and 38% by Parthenon Capital, as reflected in the following chart:

Name of Beneficial Owner	Class A Common Stock Beneficially Owned after giving effect to the Reorganization Transactions (on a fully exchanged and converted basis) (1) (2)						Class D Common Stock Beneficially Owned after giving effect to the Reorganization Transactions (on a fully exchanged and converted basis) (1) (3)						Combined Voting Power (4)		
	Before This Offering		After This Offering		After This Offering & Option Exercise		Before This Offering		After This Offering		After This Offering & Option Exercise		Before This Offering	After This Offering	After This Offering & Option Exercise
	#	%	#	%	#	%	#	%	#	%	#	%	%	%	%
Entities affiliated with Parthenon Capital (5)	124,810,608	38.4%	123,309,280	37.9%	123,084,080	37.9%	121,368,600	37.6%	119,912,600	37.1%	119,694,200	37.1%	38.6%	38.5%	38.5%
<i>Executive Officers and Directors:</i>															
Anthony Hsieh (6)	130,837,895	40.3%	129,128,832	39.7%	128,872,472	39.7%	—	—	—	—	—	—	61.3%	61.1%	61.1%
Patrick Flanagan (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Jeff Walsh (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Jeffrey DerGurahian (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Brian Golson (8)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Andrew Dodson (8)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
John Dorman (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Dawn Lepore (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Nicole Carrillo (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Executive Officers and Directors as a group (9 person)	130,837,895	40.3%	129,128,832	39.7%	128,872,472	39.7%	—	—	—	—	—	—	61.3%	61.1%	61.1%

48. The Company's IPO was a means for the Company's controlling shareholder, Mr. Hsieh, and the Company's early partner and investor, Parthenon, to cash out their illiquid stock in the Company. Of the IPO proceeds, the Company's insiders (principally Hsieh and Parthenon) sold 1,456,000 shares of Class A Common Stock compared to 2,394,000 shares sold by the Company. Thus, the Company's insiders received approximately 38% of all proceeds from the IPO.

1 49. In addition, shortly before the IPO, the Company’s insiders caused the
2 Company to make large cash payments to them. In November 2020, the Company paid
3 profit distributions of \$278.8 million to certain of its unitholders, namely Hsieh and
4 Parthenon. In December 2020, the Company distributed \$71.1 million to the
5 unitholders. In addition, shortly prior to the IPO, the Company’s related entity LD
6 Holdings distributed an additional \$159 million to the unitholders. Moreover, on April
7 30, 2021 the Company distributed an additional \$146.2 million to the unitholders.
8 Thus, shortly before and/or after the IPO, *the Company’s insiders siphoned off over*
9 *\$655 million in cash from the Company.*

10 50. On November 12, 2020, the Company filed a draft Registration Statement
11 on Form DRS with the SEC. On January 11, 2021, the Company filed a draft
12 Registration Statement on Form S-1 with the SEC. Following several amendments
13 made in response to comments received by the SEC, the SEC declared the Registration
14 Statement effective on February 10, 2021. On February 16, 2021, loanDepot filed the
15 Prospectus with the SEC. The Registration Statement and Prospectus were utilized in
16 the Offering.

17 51. Each of the Individual Defendants signed the Registration Statement or
18 signed consent forms dated January 11, 2021 authorizing their names to be included in
19 the Registration Statement as director nominees of loanDepot.

20 52. On February 16, 2021, the Company filed its Prospectus with the SEC on
21 Form 424B4.

22 53. loanDepot thereafter announced the pricing of its initial public offering of
23 3,850,000 Class A shares at a price of \$14 per share. The Company announced that its
24 shares had been approved for listing on the NYSE under the symbol “LDI.”

25 54. The Offering Documents used to effectuate the Company’s IPO were
26 negligently prepared, and contained false and misleading statements and material
27 omissions.

28

1 55. The Registration Statement stated that the Company’s “innovative
2 technology” had allowed it realize significantly increased revenues and profitability:

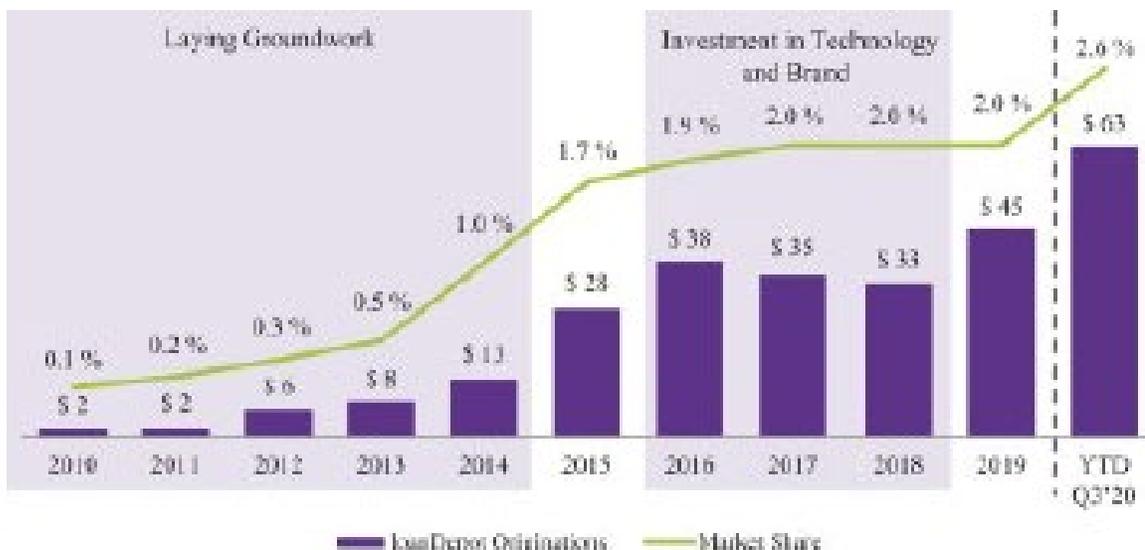
3
4 “We have demonstrated our ability to grow our business
5 and market share, having grown from a de novo start-up
6 in 2010 to the second largest non-bank retail originator in
7 the U.S. with a 2.6% share of a \$11.0 trillion mortgage
8 market as of September 30, 2020. We believe that we are
9 well positioned to continue our market share growth
10 through both our Retail strategy, where we have invested
11 in our team members and technology to enable rapid
12 scaling, and our Partner strategy, where independent
13 brokers, in addition to joint venture and integrated referral
14 partners, increasingly choose to work with us based on our
15 reputation for excellent customer service and seamless
16 user experiences. ***Our growth has accelerated in recent
17 quarters as our long-term investments in brand
18 marketing and innovative technology have helped us
19 achieve industry-leading growth and profitability.***”

20 “We believe that ***continuing to make these investments
21 will allow us to grow market share, increase customer
22 retention and deliver enhanced returns that will
23 ultimately enable a virtuous cycle of further investment
24 and returns.***”

25 56. The Offering Documents contained the following chart representing to
26 investors that loanDepot had experienced rapidly increasing loan origination growth:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

loanDepot Originations (\$ in billions)



57. The Offering Documents also stated:

We've created a company that is built to serve customers throughout the entire loan transaction, from the onset of the purchase or refinance decision through loan closing and servicing. *We now possess roughly 3% market share of annual mortgage origination volumes*, which makes up part of the \$11T total addressable market. Thanks to our brand investment over time, we are also one of the most recognized brands in the industry today. *All of this gives us enormous runway.*

58. The Prospectus also stated:

We originated \$79.4 billion of loans for the twelve months ended September 30, 2020 and experienced 116% year-over-year origination volume growth for the nine months ended September 30, 2020.

59. In another section of the Offering Documents discussing potential competition, the Company represented that its brand and technology protected it against potential competition and that there were significant barriers to entry:

We believe that we are one of only two non-banks with a nationally-recognized consumer brand in the U.S. retail mortgage origination industry. Since the Company's launch in 2010, we have invested over \$1.2 billion in marketing and the promotion of our brand, and we believe there are

1 significant barriers-to-entry in creating a brand comparable
2 to ours.

3 60. The Offering Documents also trumpeted loanDepot’s success in achieving
4 higher-than-average recapture rates and profit margins in its industry, and stated that
5 loanDepot was well-positioned to protect its high profit margins:

6 *Our recapture rates are among the highest in the industry*—for
7 the nine months ended September 30, 2020, *our organic*
8 *refinance consumer direct recapture rate was 61% highlighting*
9 *the efficacy of our marketing efforts and the strength of our*
10 *customer relationships. This compares to an industry average*
11 *refinance recapture rate of only 18%* for the three months ended
12 September 30, 2020 according to Black Knight Mortgage
13 Monitor. In addition, we achieved an overall organic recapture
14 rate of 47% for the nine months ended September 30, 2020. Our
15 recapture originations have lower customer acquisition costs
16 than originations to new customers, positively impacting our
17 profit margins.

18 61. The Prospectus also stated that loanDepot had significantly increased its
19 market share and was well-positioned to protect and grow that market share through its
20 proprietary “platform and technology” which supposedly gave loan Depot a
21 “significant financial advantage”:

22 *We have significantly increased our originations market*
23 *share from 1.0% in 2014 to 2.6% for the first nine*
24 *months of 2020, and our strong consumer brand and*
25 *proprietary technology platform have positioned us to*
26 *continue gaining additional share.* Our Retail and Partner
27 strategies have led to a balanced mix of purchase and
28 refinance mortgages, with purchase originations

1 representing 41% of total originations in 2019. *We have a*
2 *well-defined plan to accelerate this growth* by expanding
3 upon our technological and brand advantages, growing our
4 market share in both purchase and refinance markets, and
5 further increasing customer retention and lifetime value.
6 Secular demographic and housing market tailwinds
7 provide further support for our competitive advantages.

8 *Our platform and technology create a significant*
9 *financial advantage.* Our brand effectiveness and
10 marketing capabilities optimize our customer acquisition
11 costs, and our automation reduces unnecessary expenses
12 throughout the origination process. We are able to scale
13 quickly and efficiently which allows us to grow both
14 transaction volume and profitability. During the COVID-
15 19 pandemic, our technology platform and culture enabled
16 us to hire, train and onboard over 3,500 new team
17 members remotely. Our growth and profitability during
18 the last nine months is further evidence of the scalability
19 of our platform and validates the investments we have
20 made in our brand and our technology. For the nine
21 months ended September 30, 2020, we generated \$63.4
22 billion in originations (116% year-over-year growth), \$3.0
23 billion in revenue (227% year-over-year growth),
24 \$1,465.9 million in net income and \$1,085.9 million in
25 adjusted net income, making us one of the fastest-growing
26 and most profitable companies in our industry.
27
28

1 62. The Offering Documents represented the following with respect to the
2 Company's gain-on-sale margins:

3 While the financial markets have demonstrated significant
4 volatility due to the economic impacts of COVID-19, interest
5 rates have fallen to historic lows resulting in increased mortgage
6 refinance originations and favorable margins. Our efficient and
7 scalable platform has enabled us to respond quickly to the
8 increased market demand. Market demand in 2020 was driven by
9 a prolonged period of historically low interest rates. This demand
10 contributed to gain on sale margins reaching levels that the
11 Company does not believe will be sustained in future years and
12 could result in decreases in revenue.

13 63. This statement was false and misleading because the Company was
14 already experiencing lower gain-on-sale margins. Instead of disclosing this existing
15 fact, the Offering Documents falsely stated that gain-on-sale margins and revenues
16 could be impacted "in future years." Including a misleading disclosure that margins
17 and revenues could be impacted in "future years" when in fact the margins and
18 revenues *were already been adversely affected* and would continue to be affected in
19 the very next quarter (not year) was itself a false and misleading statement.

20 64. The representations in the Offering Documents were also false and
21 misleading because, at the time of the IPO, loanDepot was already experiencing
22 significantly increased competition, greatly reduced originations, and lower gain-on-
23 sale margins. Neither loanDepot's supposedly proprietary technology or platform or
24 other touted advantages were proving successful in fighting this competition. Instead,
25 Defendants concealed from the Offering Documents the fact that loanDepot was being
26 forced to lower prices/rates in order to combat the significantly increased competition,
27 which was leading and would inexorably lead to lower margins and profits. In addition,
28 its efforts to protect its market share by reducing prices/rates were not enough to protect

1 its loan originations, which were declining and thus leading to reduced revenues.
2 loanDepot failed to disclose these material facts in the Offering Documents, thus
3 making the statements above misleading.

4 65. Indeed, when loanDepot announced disappointing Q2 2021 results on
5 August 3, 2021, Defendant Hsieh admitted that everything about loanDepot's business
6 is "highly predictable" and thus that loanDepot had perfect visibility at the time of the
7 IPO as to where its business was and was going. On the conference call with analysts
8 to discuss loanDepot's Q2 2021 earnings on August 3, 2021, Defendant Hsieh stated:

9 **[Anthony Hsieh]:** "James, this is certainly not our first rodeo. *Everything here*
10 *is highly predictable. There's been very, very little surprise.*"

11 66. loanDepot never disclosed this information in the Offering Documents.
12 This omitted information was material because the Company's loan originations,
13 growth rate, and margins were highly material to investors. Indeed, the entire business
14 of loanDepot is loan originations and loan refinancing and thus the misrepresentations
15 and omissions alleged herein concerned the Company's core (and only) product.

16 67. LoanDepot had its lawyers craft boilerplate disclosures that it could use
17 in the future to try to argue that the undisclosed facts were actually disclosed. The
18 following generic and misleading disclosure in the Offering Documents was included
19 by loanDepot for exactly this purpose:

20 "Our loan originations, particularly our refinance mortgage loan
21 volume, are dependent on interest rates and are expected to
22 decline *if interest rates increase*. Our loan origination activities
23 are also subject to overall market factors that can impact our
24 ability to grow our loan production volume. For example,
25 *increased competition* from new and existing market
26 participants, slow growth in the level of new home purchase
27 activity or reductions in the overall level of refinancing activity
28 *can impact our ability to continue to grow our loan origination*

1 *volume, and we may be forced to accept lower margins in order*
2 *to continue to compete and keep our volume of activity*
3 *consistent with past or projected levels.*

4 68. This alleged disclosure was itself false and misleading. Telling investors
5 that potential, theoretical increased competition “could” impact revenues and margins
6 is a far cry from telling investors that the company *was already experiencing*
7 significantly increased competition that had already forced it to accept lower margins
8 in order to stave off such competition. Moreover, interest rates did not increase from
9 the time of the IPO to the Company’s announcement of significantly reduced revenues
10 and margins in Q2 2021 (less than six months after the IPO). Interest rates stayed flat
11 and even were lowered during this time period. Thus, the Company’s boilerplate
12 alleged disclosures in the Offering Documents actually misled investors rather than
13 warning them about known, existing facts, as Defendants had an obligation to do under
14 the federal securities laws.

15 69. Rather than disclose the known, existing adverse facts, the Offering
16 Documents repeatedly touted the fact that the Company had been extremely successful
17 (even during Covid) of increasing market share, profit margins, and staving off
18 competition:

19 70. “While the financial markets have demonstrated significant volatility due
20 to the economic impacts of COVID-19, interest rates have fallen to historic lows
21 resulting in increased mortgage refinance originations and favorable margins. Our
22 efficient and scalable platform has enabled us to respond quickly to the increased
23 market demand. We have highlighted below the key steps we have undertaken since
24 the onset of the pandemic to position our platform for continued success:

- 25 • Maintained higher liquidity levels from an increase in cash from
26 retained earnings.
- 27 • Increased our total loan funding capacity with our current lending
28 partners.

- 1 • Stepped up protocols related to verification of key metrics such as
2 employment and income to ensure the highest quality underwriting
standards are maintained.
- 3 • Transitioned our workforce to working remotely as of March 19,
4 2020.”¹

5 71. The Company’s Offering Documents represented that the Company was
6 experiencing rapid growth in revenues and margins and that the Company’s business,
7 performance, prospects and products were well-positioned to continue such high
8 growth rate and margins, while omitting these known trends and facts that had already
9 had a materially unfavorable impact on the Company’s revenues and business at the
10 time of the IPO. *See* Item 303 of SEC Reg. S-K, 17 C.F.R. §229.303(a)(3)(ii)
11 (requiring that the materials incorporated in a registration statement disclose all
12 “known trends or uncertainties” reasonably expected to have a material, unfavorable
13 impact on a company’s operations).

14 72. The Registration Statement contained pages and pages of numerous
15 generalized possible “Risk Factors” that might occur and “[i]n case” they did actually
16 occur, then loanDepot’s financial condition and results of operation “*could* be
17 adversely affected.” Those statements were false or misleading and omitted material
18 information for the reasons stated above in paragraph 68.

19 73. The statements identified above that the Company made in the Offering
20 Documents were materially false and misleading when made because, in addition to
21 what was stated above, they failed to disclose:

- 22 a. that the Company’s refinance originations had already declined
23 substantially at the time of the IPO due to industry over-capacity and
24 increased competition;
- 25 b. that the Company’s gain-on-sale margins had already declined
26 substantially at the time of the IPO;

27
28 ¹ See Prospectus at p. 106.

- 1 c. that, as a result, the Company’s revenue and growth would be
2 negatively impacted;
- 3 d. that the Company had already been forced to embark on a significant
4 expense reduction plan due to the significantly lower growth and
5 refinance originations that the Company was experiencing;
- 6 e. that, as a result of the foregoing, Defendants’ positive statements about
7 the Company’s business, operations, and prospects were materially
8 misleading and/or lacked a reasonable basis; and
- 9 f. that the Company’s business, prospects and ability to achieve growth
10 had been materially impaired by the time of the IPO as a result of
11 adverse industry, sales and earnings trends.

12 74. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R.
13 §229.303(a)(3)(ii), required defendants to “[d]escribe any known trends or
14 uncertainties that have had or that the registrant reasonably expects will have a material
15 favorable or unfavorable impact on the sales or revenues or income from continuing
16 operations.” Similarly, Item 503 of SEC Regulation S-K, 17 C.F.R. §229.503, requires,
17 in the “Risk Factor” section of registration statements and prospectuses, “a discussion
18 of the most significant factors that make the offering speculative or risky” and that each
19 risk factor “adequately describes the risk.” The failure of the Registration Statement
20 to disclose that the Company was experiencing adverse growth and earnings trends,
21 including significantly increased competition in the market for loan originations,
22 reduced gain-on-sale margins, and lower revenues, violated 17 C.F.R.
23 §229.303(a)(3)(ii), because these undisclosed facts would (and did) have an
24 unfavorable impact on the Company’s sales, revenues and income from continuing
25 operations. This failure also violated 17 C.F.R. §229.503, because these specific risks
26 were not adequately disclosed, or disclosed at all, even though they were some of the
27 most significant factors that made an investment in shares of the Company’s common
28 stock speculative or risky.

1 75. By August 17, 2021, loanDepot’s stock had declined 42% from its IPO
2 after it disclosed disappointing Q2 2021 results and provided significantly lower
3 guidance for its business.

4 76. At the time of the filing of this action, loanDepot’s stock was trading in
5 the range of \$8 per share, having plummeted in response to information reflecting the
6 materialization of significant risks misrepresented and omitted from the Registration
7 Statement as alleged herein.

8 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

9 77. Plaintiff brings this action under California Code of Civil Procedure §382
10 as a class action on behalf of a class consisting of all purchasers of loanDepot, Inc.
11 common stock in and/or traceable to the Company’s IPO and who were damaged
12 thereby (the “Class”). The Class Period is February 16, 2021 to the date of the filing
13 of this complaint. Excluded from the Class are Defendants and their families, the
14 officers and directors of the Company at all relevant times, members of their immediate
15 families and their legal representatives, heirs, successors or assigns and any entity in
16 which defendants have or had a controlling interest.

17 78. The members of the Class are so numerous that joinder of all members is
18 impracticable. loanDepot sold at least 3,850,000 shares of its common stock in the
19 IPO. While the exact number of Class members is unknown to Plaintiff at this time
20 and can only be ascertained through appropriate discovery, Plaintiff believes that there
21 are hundreds or thousands of members of the proposed Class. The members of the
22 proposed Class may be identified from records maintained by loanDepot or its transfer
23 agent and may be notified of the pendency of this action by mail, using customary
24 forms of notice that are commonly used in securities class actions.

25 79. Plaintiff’s claims are typical of the claims of the members of the Class as
26 all members of the Class are similarly affected by Defendants’ wrongful conduct.

27 80. Plaintiff will fairly and adequately protect the interests of the members of
28

1 the Class and has retained counsel competent and experienced in class and securities
2 litigation.

3 81. Common questions of law and fact exist as to all members of the Class
4 and predominate over any questions solely affecting individual members of the Class.
5 Among the questions of law and fact common to the Class are:

- 6 a. whether the federal securities laws were violated by Defendants' acts
7 as alleged herein;
- 8 b. whether the Registration Statement and Prospectus contained
9 materially false and misleading statements and omissions; and
- 10 c. to what extent Plaintiff and members of the Class have sustained
11 damages and the proper measure of damages.

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

18 **FIRST CAUSE OF ACTION**

19 **Violation of §11 of the Securities Act Against**
20 **loanDepot, the Individual Defendants and the Underwriter Defendants**

21 83. Plaintiff repeats and realleges each and every allegation contained above
22 as if fully set forth herein.

23 84. This claim is brought pursuant to §11 of the Securities Act, 15 U.S.C.
24 §77k, on behalf of the Class, against loanDepot, the Individual Defendants and the
25 Underwriter Defendants.

26 85. The Registration Statement was inaccurate and misleading, contained
27 untrue statements of material facts, omitted facts necessary to make the statements
28

1 made therein not misleading, and omitted to state material facts required to be stated
2 therein.

3 86. The Company is the issuer of the securities purchased by Plaintiff and the
4 Class. As such, the Company is strictly liable for the materially inaccurate statements
5 contained in the Registration Statement and the failure of the Registration Statement to
6 be complete and accurate.

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

21 88. The Underwriter Defendants each served as underwriters in connection
22 with the Offering. As such, each is strictly liable for the materially inaccurate
23 statements contained in the Registration Statement and the failure of the Registration
24 Statement to be complete and accurate, unless they are able to carry their burden of
25 establishing an affirmative “due diligence” defense. The Underwriter Defendants each
26 had a duty to make a reasonable and diligent investigation of the truthfulness and
27 accuracy of the statements contained in the Registration Statement. They had a duty
28 to ensure that such statements were true and accurate, there were no omissions of

1 material facts that would make the Registration Statement misleading, and the
2 documents contained all facts required to be stated therein. In the exercise of reasonable
3 care, the Underwriter Defendants should have known of the material misstatements and
4 omissions contained in the Registration Statement and also should have known of the
5 omissions of material facts necessary to make the statements made therein not
6 misleading. Accordingly, each of the Underwriter Defendants is liable to Plaintiff and
7 the Class.

8 89. By reason of the conduct herein alleged, each of the Individual
9 Defendants, the Underwriter Defendants, and loanDepot violated §11 of the Securities
10 Act.

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

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

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

22
23 **SECOND CAUSE OF ACTION**
24 **Violation of §15 of the Securities Act Against**
25 **All Individual Defendants**

26 93. Plaintiff repeats and realleges each and every allegation contained above
27 as if fully set forth herein.
28

1 94. This claim is brought pursuant to §15 of the Securities Act, 15 U.S.C.
2 §77o, on behalf of the Class, against the Individual Defendants.

3 95. The Individual Defendants were controlling persons of the Company
4 within the meaning of §15 of the Securities Act. By reason of their ownership interest
5 in, senior management positions at, and/or directorships held at the Company, as
6 alleged above, these Defendants invested in, individually and collectively, had the
7 power to influence, and exercised control over the Company to cause it to engage in
8 the conduct complained of herein.

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

13 **REQUEST FOR RELIEF**

14 WHEREFORE, Plaintiff prays for judgment as follows:

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

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

19 C. Awarding Plaintiff and the other members of the Class pre-judgment and
20 post-judgment interest, as well as reasonable attorneys' fees, expert witness fees, and
21 other costs and disbursements; and

22 D. Awarding Plaintiff and the other members of the Class such other and
23 further relief as the Court may deem just and proper.

24 **JURY TRIAL DEMANDED**

25 Plaintiff hereby demands a trial by jury.
26

27 Dated: September 03, 2021

BOTTINI & BOTTINI, INC.

Francis A. Bottini, Jr. (SBN 175783)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Albert Y. Chang (SBN 296065)
Yury A. Kolesnikov (SBN 271173)

/s Francis A. Bottini, Jr.

Francis A. Bottini, Jr.

7817 Ivanhoe Avenue, Suite 102
La Jolla, California 92037

Telephone: (858) 914-2001

Facsimile: (858) 914-2002

Email: fbottini@bottinilaw.com

achang@bottinilaw.com

ykolesnikov@bottinilaw.com

Attorneys for Plaintiff