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*Lead Plaintiff Rick Keiner and the Class*

8 **UNITED STATES DISTRICT COURT**  
9 **NORTHERN DISTRICT OF CALIFORNIA**

10 *In re Lyft, Inc. Securities Litigation*

Lead Case No. 4:19-cv-02690-HSG

12 This document relates to:  
13  
14 All Actions

**Consolidated Amended**  
**Class Action Complaint for**  
**Violations of Federal Securities Laws**

*Demand for Jury Trial*



1 to investors as important measurements of the Company's financial performance and growth  
2 were about to be abandoned; (4) the Company was days away from closing its first quarter with a  
3 massive loss; (5) safety issues regarding the Company's bike sharing business jeopardized the  
4 Company's growth plans; and (6) labor conflicts with the Company's drivers, all of which were  
5 known to, but concealed by Defendants at the time of the IPO.

6 7. The Securities Act provides for strict liability for untrue and misleading  
7 statements and omissions of material facts made in connection with public securities offerings, in  
8 order to protect investors and maintain confidence in the public markets.

9 8. Lyft is strictly liable for any and all material untrue statements or omissions  
10 contained in the Registration Statement. Furthermore, because this case involves a Registration  
11 Statement, Defendants also had an independent, affirmative duty, which they failed to fulfill: (1)  
12 to provide adequate disclosures about "any known trends or uncertainties that have had or that  
13 the registrant reasonably expects will have a material favorable or unfavorable impact on net  
14 sales or revenues or income from continuing operations," (Item 303 of SEC Reg. S-K, 17 C.F.R.  
15 § 229.303(a)(3)(ii)); and (2) to disclose a "discussion of the most significant factors that make  
16 the offering speculative or risky," (Item 105 of SEC Reg. S-K, 17 C.F.R. § 229.105).

17 9. The Registration Statement failed to adhere to the requirements of the Securities  
18 Act and disclosure requirements provided by SEC regulations.

19 10. *First*, Lyft and its rival, Uber, dominate the rideshare market, with the two  
20 comprising roughly 98% of the total market. Lyft has always held a smaller share of that market  
21 than Uber and has sought to differentiate itself by cultivating a reputation as a "safe, progressive  
22 alternative." To that end, Lyft built a reputation as a company that cares about women, safety,  
23 and social issues.

24 11. Lyft's focus on the strength of its reputation was a key selling point to IPO  
25 investors.

26 12. Contrary to the public image that Lyft had created and touted in the Registration  
27 Statement, news articles and class action complaints would later reveal that Lyft had a pervasive  
28 problem with sexual assaults committed by its drivers dating back several years and that

1 continued in the months immediately preceding the IPO. Lyft avoided taking the necessary steps  
2 to curb the sexual assault problem out of fear that doing so would result in its drivers being  
3 classified as employees rather than independent contractors, which would trigger certain legal  
4 and financial obligations. Additionally, at the time of the IPO, Lyft lacked basic safety features  
5 such as a “panic button” or a “continuous background check” policy to screen out problematic  
6 drivers.

7 13. Lyft failed to disclose these pervasive sexual assault and safety issues in the  
8 Registration Statement. Indeed, the Registration Statement makes no reference to sexual assault  
9 at all.

10 14. Almost immediately after the IPO, Lyft faced an avalanche of negative press and  
11 lawsuits that revealed just how serious Lyft’s problems were. Far from being the safe, socially  
12 conscious alternative to Uber, attorneys litigating sexual assault cases against both Uber and Lyft  
13 reported seeing a disproportionate number of cases against Lyft. Similarly, a September 2019  
14 lawsuit alleges that Lyft “stone-wall[ed]” law enforcement and that “many of the assault victims  
15 have been told by detectives handling their case that Lyft’s Trust and Safety team are often  
16 unresponsive to the detectives’ requests.” These cases involve sexual assaults that occurred  
17 *before* the IPO.

18 15. *Second*, according to the Registration Statement and Prospectus filed in  
19 connection with the IPO, Lyft estimated that its ridesharing marketplace “is available to over  
20 95% of the U.S. population, as well as in select cities in Canada.” Lyft represented that its “U.S.  
21 ridesharing market share was 39% in December 2018, up from 22% in December 2016.”

22 16. In the immediate wake of the IPO, investors and analysts raised concerns that  
23 Lyft’s reported market share over 39% may have been overstated and that Lyft’s true market  
24 share was likely only 24% to 28%.

25 17. These concerns were exacerbated on April 11, 2019, when Uber filed its Form S-  
26 1 with the SEC in anticipation of its IPO. Uber’s Form S-1 claimed a market share greater than  
27 65%, casting further doubt on Lyft’s claim of 39% market share.  
28

1           18.     *Third*, the Registration Statement repeatedly emphasized Lyft’s continuous  
2 increases in “Bookings” and “Revenue as a Percentage of Bookings” as key metrics of  
3 performance and growth.

4           19.     These key metrics were important. In the lead up to the IPO, a major question for  
5 investors was whether Lyft would ever become profitable.

6           20.     The Registration Statement failed to disclose, however, that despite highlighting  
7 the importance of these key metrics, the Company planned to, and did abandon them when it  
8 reported its first earnings as a public company just weeks after the IPO.

9           21.     Lyft’s sudden removal of these metrics was ill-received. One article criticized the  
10 Company’s decision, writing “Lyft had highlighted gross bookings in its IPO filing and in  
11 particular its take rate, . . . . For the company to suddenly stop sharing those figures in its first  
12 quarterly earnings report is a surprise.”

13           22.     *Fourth*, the Registration Statement made no mention of the fact that at the time of  
14 the IPO, Lyft was just three days away from closing out the first quarter of 2019 with a record  
15 \$1.14 billion loss.

16           23.     Lyft attempted to downplay the significance of the loss by attributing it to  
17 compensation charges related to the IPO. However, Lyft’s adjusted loss, which excluded roughly  
18 \$894 million in stock-based compensation and other adjustments, came in at \$211 million or  
19 approximately \$9 per share. Even the adjusted loss, which many analysts criticized for its use  
20 unconventional accounting methods, came in at nearly three times analysts’ expected losses of  
21 \$3.77 per share.

22           24.     *Fifth*, in November 2018, Lyft acquired Bikeshare Holdings LLC’s (“Motivate”)   
23 technology and corporate functions for \$251 million. In 2017, Motivate was the largest bikeshare  
24 operator in North America with revenue of approximately \$100 million. This acquisition enabled  
25 Lyft to add bikes to its suite of services. According to its Form S-1, Lyft acquired Motivate to  
26 “establish a solid foothold in the bikeshare market and offer access to new transportation options  
27 on the Lyft Platform.”  
28

1           25.     The Registration Statement devoted significant focus to the key role that the  
2 expansion of Lyft's bikesharing business would play in the Company's future growth.

3           26.     Lyft failed to disclose, however, that these growth plans were in jeopardy because  
4 thousands of Lyft's bikes were plagued with dangerous defects and because the Company had  
5 been unable to keep up with maintenance requirements to ensure availability to riders.

6           27.     Shortly after the IPO, news articles revealed that in the months leading up to the  
7 Offering, dozens of riders had suffered serious injuries as result of a defective braking system  
8 utilized on Lyft's electric bikes. Just two weeks after going public, Lyft announced that it was  
9 pulling thousands of its electric bike fleet in its largest markets. Shimano, the company whose  
10 brakes were used on the electric bikes issued a statement putting the blame on Lyft for failing to  
11 follow Shimano's specifications which required use of a power modulator to ensure that the  
12 brakes worked as intended.

13           28.     *Sixth*, the Registration Statement also highlighted Lyft's treatment of its drivers,  
14 portraying the Company as "Driver-Centric" and touting the benefits offered to drivers.

15           29.     Lyft failed to disclose that its strategy of treating drivers as independent  
16 contractors led to labor unrest which threatened the Company's operations. In the lead-up to the  
17 IPO, the Company increasingly charged higher "surge pricing" which caused Lyft to retain a  
18 higher portion of the additional revenue without sharing a proportionate share with drivers. This  
19 led to decreased payments to drivers, disincentivizing them from driving for Lyft.

20           30.     Just days before the IPO, Lyft drivers in Los Angeles had gone on strike for 25  
21 hours. Lyft drivers went on strike again in major cities across the country on May 8, 2019.

22           31.     At the time of the IPO, Lyft was actively fighting efforts by the State of California  
23 to make it easier to classify Lyft drivers as employees.

24           32.     Lyft's strategy of treating drivers as independent contractors caused harm beyond  
25 ill-will from drivers. This strategy also caused Lyft to avoid providing critical sexual assault  
26 training to drivers for fear that it could lead to drivers being classified as employees.

27           33.     Lyft's focus on its reputation, market share gain and position, growth in key  
28 metrics, and expansion of its bikesharing platform were key selling points to IPO investors.



1           42. Defendant Lyft is a transportation network company based in San Francisco,  
2 California. Lyft’s shares are listed and trade on the NASDAQ under the ticker symbol “LYFT.”  
3 Lyft operates a peer-to-peer marketplace for on-demand ridesharing, including access to motor  
4 vehicles, shared bikes, and shared scooters.

5           43. At the time of the IPO, Defendant Green, who co-founded the Company with  
6 Defendant Zimmer, was serving as Chief Executive Officer and as a director on Lyft’s board of  
7 directors (the “Board”). Defendant Green participated in the preparation of, and signed, the  
8 Registration Statement.

9           44. At the time of the IPO, Defendant Zimmer, who co-founded the Company with  
10 Defendant Green, was serving as President and Vice Chairman of the Board. Defendant Zimmer  
11 participated in the preparation of and signed the Registration Statement.

12           45. At the time of the IPO, Defendant Brian Roberts (“Roberts”) was serving as Chief  
13 Financial Officer. Defendant Roberts participated in the preparation of and signed the  
14 Registration Statement.

15           46. At the time of the IPO, Defendant Prashant (Sean) Aggarwal (“Aggarwal”) was  
16 serving as Chairman of the Lyft Board. Defendant Aggarwal participated in the preparation of  
17 and signed the Registration Statement.

18           47. At the time of the IPO, Defendant Ben Horowitz (“Horowitz”) was a director on  
19 the Lyft Board. Defendant Horowitz participated in the preparation of and signed the  
20 Registration Statement.

21           48. At the time of the IPO, Defendant Valerie Jarrett (“Jarrett”) was a director on the  
22 Lyft Board. Defendant Jarrett participated in the preparation of and signed the Registration  
23 Statement.

24           49. At the time of the IPO, Defendant David Lawee (“Lawee”) was a director on the  
25 Lyft Board. Defendant Lawee participated in the preparation of and signed the Registration  
26 Statement.



1           50.     At the time of the IPO, Defendant Hiroshi Mikitani (“Mikitani”) was a director on  
2 the Lyft Board. Defendant Mikitani participated in the preparation of and signed the Registration  
3 Statement.

4           51.     At the time of the IPO, Defendant Ann Miura-Ko (“Miura-Ko”) was a director on  
5 the Lyft Board. Defendant Miura-Ko participated in the preparation of and signed the  
6 Registration Statement.

7           52.     At the time of the IPO, Defendant Mary Agnes (Maggie) Wilderotter  
8 (“Wilderotter”) was a director on the Lyft Board. Defendant Wilderotter participated in the  
9 preparation of and signed the Registration Statement.

10          53.     Defendants Green, Zimmer, Roberts, Aggarwal, Christodoro, Horowitz, Jarrett,  
11 Lawee, Mikitani, Miura-Ko, and Wilderotter are collectively referred to herein as the “Individual  
12 Defendants.”

13          54.     The following underwriters were also instrumental in soliciting and making the  
14 stock offered in the IPO available to the investing public:

Name	Number of Shares
JP Morgan Securities	10,400,00
Credit Suisse Securities (USA) LLC	8,775,000
Jefferies LLC	4,387,500
UBS Securities LLC	1,982,500
Stifel, Nicolaus & Company, Incorporated	1,300,000
RBC Capital Markets, LLC	1,462,500
KeyBanc Capital Markets, Inc.	1,462,500
Cowen and Company, LLC	325,000
Raymond James & Associates, Inc.	325,000
Canaccord Genuity LLC	260,000
Evercore Group, LLC	260,000
Piper Jaffray & Co.	260,000

JMP Securities LLC	227,500
Wells Fargo Securities	227,500
KKR Capital Markets, LLC	81,250
Academy Securities, Inc.	65,000
Blaylock Van, LLC	65,000
Penserra Securities LLC	65,000
Siebert Cisneros Shank & Co., LLC	65,000
The Williams Capital Group, LP	65,000
CastleOak Securities, LP	48,750
CL King & Associates, Inc.	48,750
Drexel Hamilton	48,750
Great Pacific Securities	48,750
Loop Capital Markets LLC	48,750
Mischler Financial Group, Inc.	48,750
Samuel A. Ramirez & Company, Inc.	48,750
R Seelaus & Co., LLC	48,750
Tigress Financial Partners, LLC	48,750

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

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

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

7 57. Defendant Jefferies LLC (“Jefferies”) was an underwriter of the Company’s  
8 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of  
9 the Company’s false and misleading Registration Statement and Prospectus. Jefferies acted as a  
10 representative of all the underwriters. Jefferies also participated in conducting and promoting the  
11 roadshow for the Offering and paying for the expenses of the Individual Defendants who  
12 participated in the roadshow, including lodging and travel, among other expenses. Jefferies’  
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 58. Defendant UBS Securities LLC (“UBS”) was an underwriter of the Company’s  
16 Offering, serving as a financial advisor for and assisting in the preparation and dissemination of  
17 the Company’s false and misleading Registration Statement and Prospectus. UBS also  
18 participated in conducting and promoting the roadshow for the Offering and paying for the  
19 expenses of the Individual Defendants who participated in the roadshow, including lodging and  
20 travel, among other expenses. UBS’s participation in the solicitation of the Offering was  
21 motivated by its financial interests. Defendant UBS conducts business in the State of California.

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

1 the solicitation of the Offering was motivated by its financial interests. Defendant Stifel Nicolaus  
2 conducts business in the State of California.

3 60. Defendant RBS Capital Markets, LLC (“RBS”) 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.  
6 RBS 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  
8 and travel, among other expenses. RBS’s participation in the solicitation of the Offering was  
9 motivated by its financial interests. Defendant RBS conducts business in the State of California.

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

18 62. Defendant Cowen and Company, LLC (“Cowen”) 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.  
21 Cowen also participated in conducting and promoting the roadshow for the Offering and paying  
22 for the expenses of the Individual Defendants who participated in the roadshow, including  
23 lodging and travel, among other expenses. Cowen’s participation in the solicitation of the  
24 Offering was motivated by its financial interests. Defendant Cowen conducts business in the  
25 State of California.

26 63. Defendant Raymond James & Associates, Inc. (“Raymond James”) was an  
27 underwriter of the Company’s Offering, serving as a financial advisor for and assisting in the  
28 preparation and dissemination of the Company’s false and misleading Registration Statement

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

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

14 65. Defendant Evercore Group L.L.C. ("Evercore") 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 Evercore also participated in conducting and promoting the roadshow for the Offering and  
18 paying for the expenses of the Individual Defendants who participated in the roadshow,  
19 including lodging and travel, among other expenses. Evercore's participation in the solicitation  
20 of the Offering was motivated by its financial interests. Defendant Evercore conducts business in  
21 the State of California.

22 66. Defendant Piper Jaffray & Co. ("Piper Jaffray") 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 Piper Jaffray also participated in conducting and promoting the roadshow for the Offering and  
26 paying for the expenses of the Individual Defendants who participated in the roadshow,  
27 including lodging and travel, among other expenses. Piper Jaffray's participation in the  
28

1 solicitation of the Offering was motivated by its financial interests. Defendant Piper Jaffray  
2 conducts business in the State of California.

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

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

18 69. Defendant KKR Capital Markets LLC (“KKR”) 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.  
21 KKR also participated in conducting and promoting the roadshow for the Offering and paying  
22 for the expenses of the Individual Defendants who participated in the roadshow, including  
23 lodging and travel, among other expenses. KKR’s participation in the solicitation of the Offering  
24 was motivated by its financial interests. Defendant KKR conducts business in the State of  
25 California.

26 70. Defendant Academy Securities, Inc. (“Academy”) was an underwriter of the  
27 Company’s Offering, serving as a financial advisor for and assisting in the preparation and  
28 dissemination of the Company’s false and misleading Registration Statement and Prospectus.

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

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

14 72. Defendant Penserra Securities LLC ("Penserra") 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 Penserra 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  
19 lodging and travel, among other expenses. Penserra's participation in the solicitation of the  
20 Offering was motivated by its financial interests. Defendant Penserra conducts business in the  
21 State of California.

22 73. Defendant Siebert Cisneros Shank & Co., L.L.C ("Siebert") was an underwriter of  
23 the Company's Offering, serving as a financial advisor for and assisting in the preparation and  
24 dissemination of the Company's false and misleading Registration Statement and Prospectus.  
25 Siebert 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  
27 lodging and travel, among other expenses. Siebert's participation in the solicitation of the  
28

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

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

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

19 76. Defendant C.L. King & Associates, Inc. (“C.L. King”) 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 C.L. King also participated in conducting and promoting the roadshow for the Offering and  
23 paying for the expenses of the Individual Defendants who participated in the roadshow,  
24 including lodging and travel, among other expenses. C.L. King’s participation in the solicitation  
25 of the Offering was motivated by its financial interests. Defendant C.L. King conducts business  
26 in the State of California.

27 77. Defendant Drexel Hamilton, LLC (“Drexel”) 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 Drexel also participated in conducting and promoting the roadshow for the Offering and paying  
3 for the expenses of the Individual Defendants who participated in the roadshow, including  
4 lodging and travel, among other expenses. Drexel's participation in the solicitation of the  
5 Offering was motivated by its financial interests. Defendant Drexel conducts business in the  
6 State of California.

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

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

23 80. Defendant Mischler Financial Group, Inc. ("Mischler") was an underwriter of the  
24 Company's Offering, serving as a financial advisor for and assisting in the preparation and  
25 dissemination of the Company's false and misleading Registration Statement and Prospectus.  
26 Mischler also participated in conducting and promoting the roadshow for the Offering and  
27 paying for the expenses of the Individual Defendants who participated in the roadshow,  
28 including lodging and travel, among other expenses. Mischler's participation in the solicitation

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

3 81. Defendant Samuel A. Ramirez & Company, Inc. (“Ramirez”) was an underwriter  
4 of the 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.  
6 Ramirez also participated in conducting and promoting the roadshow for the Offering and paying  
7 for the expenses of the Individual Defendants who participated in the roadshow, including  
8 lodging and travel, among other expenses. Ramirez’s participation in the solicitation of the  
9 Offering was motivated by its financial interests. Defendant Ramirez conducts business in the  
10 State of California.

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

19 83. Defendant Tigress Financial Partners LLC (“Tigress”) 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 Tigress 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  
24 lodging and travel, among other expenses. Tigress’s participation in the solicitation of the  
25 Offering was motivated by its financial interests. Defendant Tigress conducts business in the  
26 State of California.

1           84.     The Defendants in paragraphs 54-83 are collectively referred to herein as the  
2 “Underwriter Defendants.” Lyft, the Individual Defendants, and the Underwriter Defendants are  
3 collectively referred to herein as the “Defendants.”

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

8           86.     The Underwriter Defendants are primarily investment banking houses that  
9 specialize, among other things, in underwriting public offerings of securities. As the  
10 underwriters of the Offering, the Underwriter Defendants earned lucrative underwriting fees as a  
11 result of their participation in the Offering.

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

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

24           89.     In addition to having access to internal corporate documents, the Underwriter  
25 Defendants and/or their agents, including their counsel, had access to the Company’s lawyers,  
26 management, directors, and top executives to determine: (i) the strategy to best accomplish the  
27 Offering; (ii) the terms of the Offering, including the price at which the Company's common  
28 stock would be sold; (iii) the language to be used in the Registration Statement; (iv) what

1 disclosures about the Company would be made in the Registration Statement; and (v) what  
2 responses would be made to the SEC in connection with its review of the Registration Statement.  
3 As a result of those constant contacts and communications between the Underwriter Defendants'  
4 representatives and the Company's management and top executives, at a minimum, the  
5 Underwriter Defendants should have known of the Company's undisclosed existing problems  
6 and plans and the material misstatements and omissions contained in the Registration Statement,  
7 as detailed herein.

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

#### 12 **Substantive Allegations**

13 91. A number of the representations in the Registration Statement and Prospectus  
14 used to effectuate Lyft's IPO were materially misleading, omitted information necessary in order  
15 to make the statements made therein not misleading, and omitted material facts required to be  
16 stated therein. Specifically, the Registration Statement misled investors with respect to: (1) the  
17 potential for severe reputational damage and legal liability due to rampant sexual assaults  
18 committed by Lyft drivers; (2) the Company's actual national market share; (3) the key metrics  
19 used to measure the Company's financial performance and growth were about to be abandoned;  
20 (4) the Company was days away from closing the quarter with a massive loss; (5) safety issues  
21 regarding the Company's bike sharing business jeopardized the Company's growth plans; and (6)  
22 labor conflicts with the Company's drivers, all of which were known to, but concealed by,  
23 Defendants at the time of the IPO.

24 ***The Registration Statement failed to disclose the potential for reputational damage and legal***  
25 ***liability posed by rampant sexual assault allegations.***

26 92. From its inception, Lyft cultivated an image of a Company built on trust, safety,  
27 and a dedication to social responsibility – particularly in relation to women.  
28

1           93.     On September 17, 2012, Lyft co-founder John Zimmer, when asked about Lyft’s  
2 signature mustache logo, explained the choice to use the color pink: “We originally thought of  
3 doing this just for women, as a safety kind of service and a very particular clientele. It’s partially  
4 because of that.”

5           94.     Prior to the IPO, Lyft took steps to build its trust with women. For example, in  
6 February 2015, Lyft posted a blog announcing a new partnership with an anti-sexual assault  
7 initiative, It’s On Us, to encourage young, intoxicated women to use the rideshare service by  
8 offering free ride credits for new Lyft users during college spring break.

9           95.     Although Lyft has seen substantial growth, the Company was, and still is, a  
10 distant second place to Uber in the rideshare market. Lyft sought to capitalize on negative  
11 reports of Uber’s “tech bro” culture and safety shortcomings, by setting itself apart as a safe and  
12 socially conscious alternative. From 2016 to 2017, Lyft ran a commercial depicting three  
13 executives of “Ride Corp” – a fictionalized version of Uber – watching footage of Lyft rides and  
14 commenting that Lyft is “all over this safety thing: third-party background checks, for drivers,”  
15 “24/7 trust and safety teams,” “critical response line...” The faux-Uber executives then ineptly  
16 try to come up with an idea to make their service safe too. The advertisement closes with Lyft’s  
17 logo, and beneath it: “SERIOUS ABOUT SAFETY”.

18           96.     In November 2016, Lyft’s blog published a post entitled “Get Home Safely with  
19 Lyft,” encouraging young, intoxicated women to use its rideshare service by announcing it  
20 would offer college students free rides so that students “don’t need to worry about finding a safe  
21 ride after going out.”

22           97.     On September 4, 2017, Lyft partnered with the Buffalo-Niagara Brewer’s  
23 Association in a promotion to offer ride credits to individuals who had been drinking in the  
24 Buffalo, New York region. The promotional materials stated “Drink Local. Ride Lyft.”

25           98.     On September 10, 2017, Lyft partnered with Budweiser to provide 150,000 free  
26 rides to individuals enjoying a night of drinking. Lyft’s vice president of marketing stated: “We  
27 are thrilled to work with Budweiser, a brand that shares our commitment to helping people drink  
28 responsibly and get home safe.”

1           99.     On January 10, 2018, Lyft partnered with a craft brewery to produce “Five Star  
2 Lager,” which featured Lyft’s logo on the can and a discount code for Lyft rides. The beer cans,  
3 promotional posters, and coasters featured “DRINK CRAFT. RIDE SAFE.”

4           100.    From early 2019 until mid-March 2019, Lyft aired a commercial depicting a man  
5 using Lyft for a day. After drinking at a bar, the man gets into the backseat of a Lyft. A police  
6 officer approaches and asks: “You been doing some drinking, sir?” to which the man replies  
7 “Yep.” The officer says “alright” and walks away.

8           101.    When Lyft issued its Registration Statement in connection with its IPO, the image  
9 Lyft had sought to build over the years featured prominently.

10          102.    The Registration Statement acknowledged the well-known fact that Lyft’s biggest  
11 competitor was Uber. Although Uber enjoyed a much larger market share, the Registration  
12 Statement repeatedly emphasized Lyft’s culture, values, and brand reputation as competitive  
13 factors that set the Company apart from Uber.

14          103.    Under the subsection “Ability to Compete Effectively,” the Registration  
15 Statement touted the competitive significance of its reputation:

16                   Although we face intense competition, *our values, brand*, innovation and  
17 focused execution have driven increased ridesharing market share in the  
18 United States . . . . We believe we have differentiated our business from  
19 these competitors by building a multimodal TaaS network at scale while  
20 *upholding our culture and values and creating a brand that embodies a*  
*commitment to exceptional offerings and social responsibility*, but we  
21 must continue to respond to competitive pressures.

22          104.    The Registration Statement acknowledged the importance of Lyft’s reputation:  
23 “We believe that the *principal competitive factors in our market include . . . brand; trust,*  
24 *safety*, reliability and privacy”.

25          105.    The Registration Statement elaborated in detail on the competitive factors that set  
26 Lyft apart:

27                   To advance our mission, we aim to build the defining brand of our  
28 generation and *to promote a company culture based on our unique values*  
*and commitment to social responsibility*. . . . These values have given rise  
to a unique company culture that fosters an amazing community of drivers,

riders and employees, and *has helped establish Lyft as a widely-trusted and recognized brand. We believe many users are loyal to Lyft because of our values, brand and commitment to social responsibility.*

106. The Registration Statement underscored the importance of Lyft’s reputation in relation to current trends, including a shift toward “Greater Affinity Towards Mission-Driven Brands”:

Consumers, especially millennials, are gravitating towards brands that value community engagement and embrace social and environmental responsibility. 88% of millennials expect companies to produce and communicate the results of corporate social responsibility efforts, and 89% of consumers are likely to switch brands to one that is associated with a good cause, given similar price and quality.

107. Lyft’s culture, values, and authenticity featured prominently in a section of the Registration Statement titled “Why Lyft Wins”:

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

***Authentic Brand.*** We believe that the authenticity of our culture and values positions us to build the defining brand of our generation. Our brand embodies a commitment to exceptional offerings and social responsibility. We have built a brand that balances our mission-driven ethos with a friendly, hospitality-oriented personality. The strength of our brand is a key driver of our ability to attract and retain users and serves as a strategic differentiator. We believe that affinity for our brand will continue to strengthen as consumers increasingly gravitate towards brands that are purpose-driven and emphasize corporate social responsibility.

108. The Registration Statement also explained Lyft’s commitment to trust and safety: *“Safety is our top priority, and establishing a community built on trust and safety is paramount to our success.”*

109. The Registration Statement further elaborated on Lyft’s commitment to trust and safety:



## Our Commitment to Trust & Safety

A strong guiding principle since day one has been to build a community that drivers and riders trust. Trust is the foundation of our relationship with drivers and riders on our platform, and we take significant measures every day that are focused on their safety. This dedication led our customer support to be recently named number one in Newsweek's 2019 America's Best Customer Service rankings for the Taxi and Peer-to-Peer Ridesharing category.

To ensure we are delivering exceptional service levels and upholding high quality standards, we have established our Customer Experience and Trust, or CET, team as a key part of our organization. With over 700 employees as of December 31, 2018, CET is in charge of fielding customer support inquiries and is available through multiple channels, including via self-service and assisted support directly within our apps. Our CET team focuses on driving results based on experience-based metrics including First Contact Resolution, which is the number of customer support tickets resolved during the first contact with a driver or rider, and Net Promoter Score. CET aims to eliminate bad customer experiences, quickly resolve problems when they occur and maintain trust with drivers and riders. We also use third parties to help Lyft deliver best-in-class support.

The ways we promote safety include:

*Critical Response Line.* Our Trust & Safety team, consisting of 298 employees as of December 31, 2018, is a team of specialists within CET that handle sensitive issues regarding behavior or safety incidents on our platform. Available 24/7, they work with many teams on highly visible cases to provide a high quality of care.

*Driving Record and Background Checks.* Every driver is screened before they are permitted to drive on our platform, starting with professional third-party background and driving record checks. To promote a consistently high-quality experience, we ensure vehicles meet our criteria for vehicle age before drivers are accepted to drive these vehicles on our platform.

*Two-Way Ratings.* Our two-way ratings system helps promote the safety and comfort of the Lyft community by offering a channel for drivers and riders to provide instant feedback on their Lyft experiences. At the end of each ride, drivers and riders are prompted to rate each other on a scale of 1-5 stars. Our ratings system allows drivers and riders to provide anonymous feedback. We take rider ratings and driver feedback very seriously. If a user is rated three stars or below, we take immediate action to understand and remediate the situation.

*Zero-Tolerance Policy.* Lyft maintains a zero-tolerance drug and alcohol policy for drivers on our platform. We also do not allow riders to have open



1 alcohol containers in-ride and can deactivate riders from the platform for  
2 violating this policy.

3 110. The statements in paragraphs 103-09 were materially misleading, omitted  
4 information necessary in order to make the statements not misleading, and omitted material facts  
5 required to be stated therein because they failed to disclose that: (i) the Company faced serious  
6 reputational damage and legal liability from pervasive incidents of assault, both physical and  
7 sexual, perpetrated by Lyft drivers prior to the IPO; and (ii) the Company's safety and response  
8 policies were wholly inadequate.

9 111. The examples below—most of which were not publicly known until after the  
10 IPO—illustrate just how pervasive Lyft's sexual assault and safety problems were prior to the  
11 IPO:

DATE	INCIDENT
1/28/15	Yiqing Chen is taken by her Lyft driver to Baldwin Park, California rather than her intended destination and there is sexually assaulted by her driver. Chen files suit against Lyft in January 2017.
5/26/15	A woman, identified as Alyssa Doe in her complaint, is raped by her Lyft driver. The woman files suit in May 2018.
5/30/15	A Lyft driver in Seattle, Washington demands sex from a passenger then drags her behind his car when she tries to retrieve her phone from him. Law enforcement investigates and Lyft deactivates the driver.
9/5/15	A woman is followed into her home by her Lyft driver, who groped her and requested she perform a sex act. The Chula Vista, California police department began a criminal investigation with Lyft's cooperation. The victim files suit against Lyft in October 2015.
1/27/16	A woman files suit seeking damages from Lyft for a sexual assault perpetrated by her Lyft driver. The driver is also charged with misdemeanor battery for groping her.
3/11/16	Lyft and Uber driver Dereje Y. Kebede is charged with attempting to rape a woman in Seattle, Washington in March 2015 while driving under the Uber platform.
4/30/16	Candie Fernandez is sexually assaulted by her Lyft driver after falling asleep in his vehicle in or near North Hollywood, California. Fernandez files suit against Lyft in May 2018.

- 1 June 2016 An unnamed woman is sexually assaulted and threatened by her Lyft driver  
2 in Chicago, Illinois. The incident is reported, and later referenced in a July  
3 2018 complaint filed against Lyft in a separate assault case.
- 4 9/22/16 The Associated Press reports that Lyft driver Jeremy Vague has been  
5 arrested for sexually assaulting multiple women while driving for both Lyft  
6 and Uber in Southern California.
- 7 10/8/16 An unnamed woman is raped by her Lyft driver while unconscious in San  
8 Diego, California. Two of her friends walk in on, witness, and stop the rape.  
9 The woman “immediately” reports the incident to police. Lyft is also  
10 notified. The woman files suit in August 2019.
- 11 12/9/16 An unnamed woman is raped by her Lyft driver in San Diego, California.  
12 The woman reports the assault to law enforcement and to Lyft. Lyft  
13 evidently allows the driver to continue driving for Lyft. The woman files  
14 suit in August 2017.
- 15 3/20/17 Lyft driver Samy-William Ibrahim sexually assaults his developmentally  
16 delayed passenger in Woodinville, Washington. Ibrahim is arrested and  
17 charged. Lyft issues a statement and deactivates Ibrahim.
- 18 4/23/17 A woman identified as Gillian C has a sexual encounter with a Lyft driver  
19 that quickly devolves into the driver performing a sex act on her without  
20 her consent. The woman reports the incident to law enforcement. She files  
21 suit in April 2019.
- 22 5/21/17 An unnamed woman is raped by her Lyft driver in Detroit, Michigan. The  
23 woman files suit in August 2019.
- 24 6/10/17 Morgan Lee is sexually assaulted by her Lyft driver in San Antonio, Texas.  
25 Lee reports the incident to police. Lee files suit against Lyft later in June  
26 2017.
- 27 6/18/17 India Matheson is assaulted by her Lyft driver. She reports the incident to  
28 Lyft and to law enforcement. The incident was captured on her video  
doorbell. The driver is “charged with assault with sexual motivation in  
September 2018” and subsequently convicted. Matheson files suit in  
August 2019.
- 6/21/17 Lyft driver Francisco Arias is arraigned on charges that he offered a minor  
girl rides and money in exchange for sex in Allentown, Pennsylvania.
- 7/2/17 Sarah A. Johnson is sexually assaulted by her Lyft driver in the back seat  
of his vehicle in Santa Monica, California. Johnson reports the incident to  
law enforcement and to Lyft. Johnson files suit in December 2017.
- 7/4/17 Stephanie Nan is sexually assaulted by her Lyft driver in Brooklyn, New  
York. Nan reported the incident to police. Nan filed suit in August 2019.

- 1           7/7/17           An unnamed woman is kidnapped, bound by zip ties, and raped by her Lyft  
2 driver in Chicago, Illinois. The woman reports the assault to law  
3 enforcement, who reported the assault to Lyft on July 8, 2017. Lyft  
4 deactivated the woman's account, denying her access to information in the  
5 app on her driver. The driver is criminally charged in connection with the  
6 incident, as well as for a second rape perpetrated against another victim.  
7 The driver's criminal history contains charges that should have made him  
8 ineligible to drive for Lyft, according to Lyft's own policies. The woman  
9 files suit in December 2019.
- 10           7/14/17           Jennifer Hardin is sexually assaulted by her Lyft driver in the Washington,  
11 D.C. area. Hardin files suit in August 2019.
- 12           7/17/17           Danielle Lodge is sexually assaulted by her Lyft driver in Los Angeles,  
13 California. Lodge files suit in July 2018.
- 14           Fall 2017           Alison Turkos is kidnapped at gunpoint, taken across state lines, and raped  
15 by her driver and another man. Turkos reports a "kidnapping" to Lyft. Lyft  
16 apologizes for the "inconvenience" of the route variance, then charges  
17 Turkos for the original route her driver was supposed to take her on. The  
18 driver continues for some time to drive for Lyft under a new name and  
19 account. NYPD confirms presence of semen on Turkos's clothing and later  
20 subpoenas Lyft as part of its investigation. The NYPD investigation has  
21 since been transferred to the FBI. Turkos files suit in September, 2019.
- 22           9/16/17           A Lyft driver rapes his passenger in Indianapolis, Indiana. The victim  
23 manages to record some of the assault on her cell phone. The driver is  
24 arrested and charged with sexual battery and rape later that month. Lyft  
25 issues a statement about the incident and deactivates the driver.
- 26           9/20/17           Police in Boston and Cambridge, Massachusetts open an investigation after  
27 a woman reports being sexually assaulted by her Lyft driver.
- 28           October           An unnamed 16-year-old boy is sexually assaulted by his Lyft driver in  
2017           Davie, Florida. The incident is reported and later referenced in a July 2018  
complaint against Lyft in a separate assault case.
- 10/25/17           A Chicago news outlet discovers that a former al-Qaeda operative was  
driving for Lyft. Lyft's background screening service apparently failed to  
discover the man's aiding terrorism conviction or failed to screen him out  
as a result of it. Lyft deactivates the driver.
- 1/3/18           An unnamed, blind woman is assaulted by her Lyft driver in Tuscaloosa,  
Alabama. The woman reports the incident to Lyft and to law enforcement.  
She joins a lawsuit in September 2019.

- 1           1/11/18       Kentrell Holmes, a gay man, is physically, though not sexually, assaulted  
2                   by his Lyft driver while the driver yells homophobic slurs. Holmes files suit  
                  in December 2019.
- 3           2/3/18        An unnamed woman is assaulted by her Lyft driver in Wilmington, North  
4                   Carolina. The woman reports the incident to Lyft. The woman joins a  
                  lawsuit in September 2019.
- 5           2/4/18        Feda Marzouk is “badly beaten” by her Lyft driver in Cleveland, Ohio after  
6                   she refuses his sexual advances. Marzouk calls 911 and is transported to a  
7                   hospital for treatment. Marzouk files suit against Lyft in November 2018.
- 8           2/14/18       Elizabeth Rahh is physically, though not sexually, attacked by her Lyft  
9                   driver. Rahh files suit in February 2020.
- 10          3/4/18        An unnamed woman is assaulted by her Lyft driver in Marlborough,  
11                   Massachusetts. The woman reports the incident to law enforcement, who  
                  subsequently report it to Lyft. The driver is charged with rape.
- 12          4/8/18        An unnamed woman is sexually assaulted while unconscious by her Lyft  
13                   driver in Oakland, California. The incident is reported and later referenced  
14                   in a July 2018 complaint against Lyft in a separate assault case. The driver  
                  is arrested in May 2018.
- 15          May 2018      An unnamed minor is sexually assaulted by her Lyft driver in Ontario,  
16                   Canada. The assault is reported, and later referenced in a July 2018  
17                   complaint filed against Lyft in a separate assault case.
- 18          May 2018      An unnamed woman is assaulted by her Lyft driver in Waterford Township,  
19                   Michigan after she refuses his offer to pay her for sex. The assault is  
20                   reported, and later referenced in a July 2018 complaint filed against Lyft in  
                  a separate assault case.
- 21          5/6/18        An unnamed woman is sexually assaulted by a Lyft driver in Cypress,  
22                   California. She reports the attack to law enforcement and to Lyft. She joins  
                  a lawsuit in September 2019.
- 23          5/8/18        Mary Espinosa is sexually assaulted by her Lyft driver. Espinosa files suit  
24                   in August 2019.
- 25          5/15/18      An unnamed woman is assaulted by her Lyft driver in Jacksonville, North  
26                   Carolina. The woman “immediately” reports the incident to Lyft. She joins  
                  a lawsuit in September 2019.
- 27          6/7/18        An unnamed woman is assaulted by her Lyft driver in Travis County,  
28                   Texas. The driver had a history of sexually assaulting passengers going

1 back to 2013. Lyft issues a public statement regarding the woman's assault  
2 and the assaults of the other passengers. The woman files suit in September  
2019.

3 6/30/18 A Lyft driver stabs a passenger in the chest after an argument in San Diego,  
4 California. The driver is arrested. Lyft deactivates the driver.

5 7/7/18 An unnamed woman is raped by her Lyft driver in Tacoma, Washington.  
6 The woman reports the assault to Lyft and to law enforcement. She files  
suit in August 2019.

7 7/17/18 Orlando Vilchez Lazo is arraigned on four counts of rape in San Francisco,  
8 California. Lazo was a Lyft driver who used Lyft branding to lure his  
9 victims into his vehicle. In a statement, Lyft says it deactivated Lazo once  
it became aware of the allegations.

10 7/23/18 The Washington Post reports that a woman was raped by her Lyft driver in  
11 Gainesville, Virginia. The driver is arrested.

12 7/24/18 An unnamed woman is sexually assaulted by her Lyft driver in San  
13 Francisco, California. The woman "immediately" reported the incident to  
14 police, as well as to Lyft via an "email form." The woman files suit in  
September 2019.

15 8/3/18 An unnamed woman is raped by her Lyft driver in Los Angeles. She  
16 "immediately" reports the assault to the police, who in turn contacted Lyft.  
The woman filed suit in June 2019.

17 8/5/18 Amber Wilson is sexually assaulted by her Lyft driver after the driver  
18 returned to her home after dropping her off and broke in. Wilson filed suit  
19 in September 2019.

20 8/17/18 Jill Berquist is sexually assaulted by her Lyft driver. Berquist reports the  
21 incident to Lyft. The Lyft representative Berquist speaks with convinces  
22 her not to file a police report "by telling [her] that LYFT would file a police  
report." Lyft never files a police report. Berquist files suit in August 2019.

23 10/1/18 An unnamed minor and her sister take a Lyft home from Six Flags Magic  
24 Mountain. The young girls' driver refuses to let the girls out of the car,  
25 instead forcing them to remove clothing. The girls file suit in November  
2019.

26 10/5/18 Marianne Ditrani is kidnapped and physically and verbally assaulted by her  
27 Lyft driver in Hollywood, California. Ditrani reports the incident to Lyft.  
28 Ditrani files suit in September 2019.

- 1 10/12/18 Farheen Hashem is assaulted by her Lyft driver in Sun Valley, California.  
Hashem files suit in September 2019.
- 2 10/28/18 An unnamed woman is assaulted by her Lyft driver in Los Angeles. The  
3 woman reports the incident to law enforcement, who in turn report the  
4 incident to Lyft. She joins a lawsuit against Lyft in September 2019.
- 5 11/25/18 An unnamed woman is assaulted by her Lyft driver in San Francisco,  
6 California. The woman and her friend – who was also in the vehicle at the  
7 time and video-recorded the driver’s apology for the assault – report the  
8 incident to law enforcement. The driver pleads no contest to sexual battery.  
Lyft refunds the woman for the ride. The woman joins a lawsuit in  
September 2019.
- 9 12/4/18 Michelle Christensen is sexually assaulted by her Lyft driver in Oakland,  
10 California. She files suit in September 2019.
- 11 12/7/18 An unnamed woman is assaulted by her Lyft driver in Salt Lake City, Utah.  
12 The woman reports the incident to Lyft and to law enforcement. The driver  
13 is charged and later convicted of misdemeanor battery. The woman joined  
a lawsuit in September 2019.
- 14 12/30/18 An unnamed woman is assaulted by her Lyft driver in West Hollywood,  
15 California. The woman reports the incident to Lyft, who assures her it will  
16 “make sure [she] never gets paired with the driver again”. She joins a  
lawsuit in September 2019.
- 17 1/23/19 An unnamed woman is raped by her Lyft driver. The woman reports the  
18 incident to Lyft and to police. The driver was charged with second-degree  
rape and kidnapping. The woman files suit against Lyft in August 2019.
- 19 3/14/19 An unnamed woman is assaulted by her Lyft driver in Charleston, South  
20 Carolina. The woman reports the incident to Lyft, then later to law  
21 enforcement. She joins a lawsuit in September 2019.
- 22 3/19/19 Margarita Bicana is falsely imprisoned by her Lyft driver. She reported the  
23 incident to Lyft and was informed that two others had also lodged  
complaints against the driver. Bicana filed suit in August 2019.

24 112. The examples above are by no means exhaustive. Subsequent to the IPO, news  
25 articles and class action complaints revealed that Lyft had a pervasive problem with sexual  
26 assaults committed by its drivers dating back several years and continuing in the months  
27 immediately preceding the IPO. Lyft avoided taking the necessary steps to curb the sexual  
28 assault problem, such as imposing strict behavioral rules and requiring in-depth sexual

1 harassment training, out of fear that doing so would result in its drivers being classified as  
 2 “employees” rather than contractors, which would trigger certain legal and financial obligations.  
 3 Additionally, at the time of the IPO, Lyft lacked basic safety features such as a “panic button.”  
 4 Lyft also lacked a “continuous background check” policy to screen out problematic drivers, a  
 5 policy Uber had instituted in 2018.

6 113. Despite the disturbing and pervasive issues that existed at the time of the IPO,  
 7 Lyft failed to disclose them. Instead, Lyft offered a list of general “Risk Factors” that described  
 8 risks in hypothetical terms rather than concealed realities. For example, the Registration  
 9 Statement warned that “Our reputation, brand and the network effects of the drivers and riders on  
 10 our platform are important to our success, and if we are not able to continue developing our  
 11 reputation, brand and network effects, our business, financial condition and results of operations  
 12 could be adversely affected.” Under this “Risk Factor” the Registration Statement provided:

13 We believe that building a strong reputation and brand as a safe, reliable  
 14 and affordable platform and continuing to increase the strength of the  
 15 network effects among the drivers and riders on our platform are critical to  
 16 our ability to attract and retain qualified drivers and riders. The successful  
 17 development of our reputation, brand and network effects will depend on a  
 18 number of factors, many of which are outside our control. Negative  
 19 perception of our platform or company may harm our reputation, brand and  
 20 networks effects, including as a result of:

- 21 • ***complaints or negative publicity about us, drivers on our platform, riders***, our offerings or our policies and guidelines, even if factually incorrect or based on isolated incidents;

22 \* \* \*

- 23 • a failure to operate our business in a way that is consistent with our values and mission;
- 24 • inadequate or unsatisfactory user support service experiences;

25 ***illegal or otherwise inappropriate behavior by our*** management team or  
 26 other employees or ***contractors***;







1           117. Even more egregious is that the “Risk Factors” make no mention of sexual assault  
2 at all. Despite going into extensive detail on other matters, including a consumer class action  
3 litigation from 2014, and employee classification lawsuits from 2013, the closest Lyft comes to  
4 disclosing incidents of sexual assault or related litigation is in its discussion of “Personal Injury  
5 Matters.” There, the Registration Statement vaguely states that the Company has been “named as  
6 a defendant in a number of matters related to accidents or other incidents involving drivers on  
7 our platform.” Given the severe risk of brand damage that could arise from sexual assault  
8 allegations, Lyft’s failure to mention anything related to the issue is glaring.

9           118. Lyft’s omissions are even more shocking when compared to those of its main  
10 competitor, Uber, which went public shortly after Lyft. In its registration statement, Uber  
11 disclosed the following concerning sexual assault:

12           ***Maintaining and enhancing our brand and reputation is critical to our***  
13 ***business prospects. We have previously received significant media***  
14 ***coverage and negative publicity, particularly in 2017, regarding our***  
15 ***brand and reputation, and failure to rehabilitate our brand and reputation***  
***will cause our business to suffer.***

16           Maintaining and enhancing our brand and reputation is critical to our ability  
17 to attract new employees and platform users, to preserve and deepen the  
18 engagement of our existing employees and platform users, and to mitigate  
legislative or regulatory scrutiny, litigation, government investigations, and  
adverse platform user sentiment.

19           We have previously received a high degree of negative media coverage  
20 around the world, which has adversely affected our brand and reputation  
21 and fueled distrust of our company. In 2017, the #DeleteUber campaign  
22 prompted hundreds of thousands of consumers to stop using our platform  
23 within days. Subsequently, our reputation was further harmed when an  
24 employee published a blog post alleging, among other things, that we had a  
25 toxic culture and that certain sexual harassment and discriminatory  
26 practices occurred in our workplace. Shortly thereafter, we had a number of  
27 highly publicized events and allegations, including investigations related to  
28 a software tool allegedly designed to evade and deceive authorities, a high-  
profile lawsuit filed against us by Waymo, and our disclosure of a data  
security breach. These events and the public response to such events, as well  
as other negative publicity we have faced in recent years, have adversely  
affected our brand and reputation, which makes it difficult for us to attract  
and retain platform users, reduces confidence in and use of our products and  
offerings, invites legislative and regulatory scrutiny, and results in litigation

1 and governmental investigations. Concurrently with and after these events,  
2 our competitors raised additional capital, increased their investments in  
3 certain markets, and improved their category positions and market shares,  
4 and may continue to do so.

5 In 2019, we plan to release a transparency report, which will provide the  
6 public with data related to reports of sexual assaults and other safety  
7 incidents claimed to have occurred on our platform in the United States. The  
8 public responses to this transparency report or similar public reporting of  
9 safety incidents claimed to have occurred on our platform, which may  
10 include disclosure of reports provided to regulators, may result in negative  
11 media coverage and increased regulatory scrutiny and could adversely  
12 affect our reputation with platform users. Further unfavorable media  
13 coverage and negative publicity could adversely impact our financial results  
14 and future prospects. As our platform continues to scale and becomes  
15 increasingly interconnected, resulting in increased media coverage and  
16 public awareness of our brand, future damage to our brand and reputation  
17 could have an amplified effect on our various platform offerings.  
18 Additionally, following the closing of our acquisition of Careem, the  
19 Careem brand and its apps will continue to operate in parallel with our brand  
20 and apps, and any damage or reputational harm to the Careem brand could  
21 adversely impact our brand and reputation.

22 Our brand and reputation might also be harmed by events outside of our  
23 control. For example, we faced negative press related to suicides of taxi  
24 drivers in New York City reportedly related to the impact of ridesharing on  
25 the taxi cab industry. In addition, we have licensed our brand to Didi in  
26 China and to our Yandex. Taxi joint venture in Russia/CIS, and while we  
27 have certain contractual protections in place governing the use of our brand  
28 by these companies, we do not control these businesses, we are not able to  
anticipate their actions, and consumers may not be aware that these service  
providers are not controlled by us. Furthermore, if Drivers, restaurants, or  
carriers provide diminished quality of service, are involved in incidents  
regarding safety or privacy, engage in malfeasance, or otherwise violate the  
law, we may receive unfavorable press coverage and our reputation and  
business may be harmed. As a result, any of these third parties could take  
actions that result in harm to our brand, reputation, and consequently our  
business.

While we have taken significant steps to rehabilitate our brand and  
reputation, the successful rehabilitation of our brand will depend largely on  
maintaining a good reputation, minimizing the number of safety incidents,  
improving our culture and workplace practices, improving our compliance  
programs, maintaining a high quality of service and ethical behavior, and  
continuing our marketing and public relations efforts. Our brand promotion,  
reputation building, and media strategies have involved significant costs  
and may not be successful. We anticipate that other competitors and

1 potential competitors will expand their offerings, which will make  
2 maintaining and enhancing our reputation and brand increasingly more  
3 difficult and expensive. If we fail to successfully rehabilitate our brand in  
4 the current or future competitive environment or if events similar to those  
5 that occurred in 2017 occur in the future, our brand and reputation would  
6 be further damaged and our business may suffer.

7 119. Almost immediately after the Offering, Lyft's failure to prevent sexual assaults  
8 and ensure the safety of its riders garnered widespread attention.

9 120. On April 7, 2019, Anna Gilchrist shared her story of sexual harassment by a Lyft  
10 driver and the Company's response on Twitter. Gilchrist explained how her driver repeatedly  
11 asked if she had a boyfriend and whether or not he was home. When she reported the incident to  
12 Lyft, the Company told her "we'll make sure that that driver is not able to pick you up again."  
13 Gilchrist informed Lyft that this response was inadequate and that the driver was a threat to  
14 others. Lyft stated that the driver would be reprimanded and offered Gilchrist a \$5 coupon. The  
15 story went viral on Twitter. On April 9, 2019, the *San Francisco Chronical* published a story on  
16 Gilchrist's experience and other safety issues at Lyft. Lyft's stock price fell more than 20%  
17 between April 8 and April 10, 2019.

18 121. Since then, Lyft has faced an avalanche of complaints and negative press about  
19 sexual assaults committed by Lyft drivers and the Company's responses.

20 122. On April 22, 2019, a Lyft driver was charged for a rape that occurred in March  
21 2019. The driver reportedly handcuffed and groped a passenger in January 2019 and was under  
22 suspicion for committing five other sexual assaults since 2014 while driving for Lyft and Uber.

23 123. On August 1, 2019, seven women filed sexual assault lawsuits against Lyft,  
24 alleging they were raped or assaulted by Lyft drivers and that Lyft charged fees for the rides  
25 even after the victims reported the assaults to the Company.

26 124. On August 2, 2019, the *Washington Post* published a story describing how "Lyft  
27 markets itself as a safe, progressive alternative" to its competitors and how Lyft "has risen to  
28 prominence – including raising billions of dollars by going public this year – in large part by  
touting a 'woke' image . . . [that] draw[s] a contrast with rival Uber, which lost waves of

1 customers after accusations of fostering a ‘tech bro’ culture that enabled misconduct,” while in  
2 fact Lyft has a serious sexual misconduct problem and has been dismissive of customers’ reports.

3 125. On August 21, 2019, *Vice News* reported on the “flood[]” of sexual assault  
4 litigation against Lyft and noted that “[s]ome advocates have noted that Lyft’s app, which  
5 requires users [to] navigate a labyrinthine process to file a complaint, is far less user-friendly  
6 than Uber’s, which requires a single click.”

7 126. On September 4, 2019, 14 women sued Lyft for its handling of their sexual  
8 assault, sexual misconduct, and rape complaints. The victims alleged that Lyft “stone-wall[ed]”  
9 law enforcement, failed to screen drivers, and downplayed the prevalence of sexual predators on  
10 Lyft’s platform. The suit also alleged that “many of the assault victims have been told by  
11 detectives handling their case that Lyft’s Trust and Safety team are often unresponsive to the  
12 detectives’ requests.”

13 127. On September 17, 2019, five women filed lawsuits alleging sexual assault by Lyft  
14 drivers and that the Company’s background checks are inadequate.

15 128. On December 5, 2019, Uber released a “safety review” for 2017 and 2018,  
16 revealing that the company received “5,981 allegations of serious sexual assault in the U.S.”  
17 approximately 3,349 of which involved accusations by passengers against drivers. The data also  
18 showed an increasing trend of assaults from 2017 to 2018. Uber committed to producing this  
19 safety report in May of 2018, after the company announced that it would no longer require  
20 forced arbitration for sexual assault claims. Despite claiming to be ahead of Uber when it comes  
21 to social issues and brand reputation, it was Lyft that followed Uber’s lead and announced that it  
22 too would end forced arbitration for sexual assault claims on May 15, 2018. Lyft also announced  
23 that like Uber, it would release a “safety report.” Lyft has yet to do so.

24 129. It is fair to infer that Lyft’s sexual assault figures are similar, if not worse, than  
25 the jaw-dropping statistics released by Uber. Three-quarters of Lyft drivers also drive for Uber,  
26 and lawyers litigating sexual assault cases against Lyft and Uber reported seeing a  
27 disproportionate number of cases against Lyft. Additionally, an April 30, 2018 CNN report on  
28 sexual assault allegations against Uber and Lyft drivers highlighted difficulties in gathering

1 information because “there is no publicly available data for the number of sexual assaults” by  
2 rideshare drivers. Indeed, a class action complaint filed against Lyft in September 2019 alleges  
3 that despite the “knowledge that adopting a policy of mandatory reporting [of rape and sexual  
4 assault] will help prevent future assaults and increase passenger safety,” Lyft does not report  
5 such allegations to the police. Plus, on June 1, 2018, CNN reported that the third-party  
6 background company, Checkr, used by Lyft and Uber, allowed thousands of individuals to drive  
7 for the companies who should have been disqualified due to their criminal records. The story  
8 also revealed that in 2014, Lyft settled a lawsuit brought by the District Attorneys of San  
9 Francisco and Los Angeles alleging that the Company misled its customers “about the quality of  
10 [its] background checks.”

11 130. On January 6, 2020, *USA Today* published a story describing a lawsuit alleging  
12 sexual misconduct filed by 19 women against Lyft in December 2018. The article noted that this  
13 and other “lawsuits are chipping away at the image of corporate responsibility that Lyft carefully  
14 cultivated as its larger rival, Uber, slogged through scandals in recent years.” The article also  
15 stated that “Some attorneys who represent survivors of sexual assaults that happened in both Lyft  
16 and Uber vehicles suspect safety problems at Lyft may be worse than at Uber, based on the  
17 number of cases they have, the companies’ relative size and the severity of the incidents.”

18 131. Prior to the IPO, Lyft saw an increase in the number of sexual assaults its drivers  
19 committed yet it failed to reveal, or acknowledge, these facts or this issue. The Registration  
20 Statement’s “Risk Factors” were materially misleading and omitted information necessary in  
21 order to make the statements made not misleading by failing to reveal that sexual assault  
22 allegations against Lyft drivers were increasing and could have a negative effect on its business.  
23 The Registration Statement fails to even mention sexual assault at all, and where risks  
24 concerning reputational harm and legal liability are discussed, those risks are described in  
25 hypothetical terms despite the fact that a significant number of sexual assault claims by Lyft  
26 drivers were brought to Lyft’s attention before the IPO.

27 132. In addition to being untrue and misleading because of affirmative untrue  
28 statements and omissions, Lyft’s Registration Statement also failed to comply with SEC

1 Regulation S-K, 17 C.F.R. § 229.303 (“Item 303”). Item 303 required Lyft to “[d]escribe any  
2 known trends or uncertainties that have had or that the registrant reasonably expects will have a  
3 material favorable or unfavorable impact on net sales or revenues or income from continuing  
4 operations.”

5 133. Lyft violated Item 303 by failing to disclose the risk of litigation and reputational  
6 damage related to sexual assault. Sexual assault complaints against Lyft drivers were abundant  
7 and increasing. Many of the victims filed litigation against Lyft prior to the IPO, and there was,  
8 at least, uncertainty that more litigation would follow. Lyft portrayed itself as the safer  
9 alternative to its larger competitor, Uber, and relied heavily on this reputation in its marketing  
10 and in selling its common stock to the public. Therefore, the fact that Lyft was facing an  
11 increasing number of serious assault allegations was a material trend existing at the time of the  
12 IPO. Because Lyft relied so heavily on its reputation, the sexual assault allegations would have  
13 been reasonably likely to hurt Lyft’s brand and, by extension, its revenue; this is true regardless  
14 of whether the sexual assaults resulted in litigation.

15 134. Lyft’s Registration Statement also failed to comply with 17 C.F.R. § 229.105  
16 (“Item 105”). Item 105 imposes an independent duty to disclose the “most significant factors”  
17 making an offering “speculative or risky.” Given Lyft’s carefully curated reputation as a safe,  
18 trustworthy, and socially conscious brand, the pervasive sexual assault of its riders posed one of  
19 the *most* significant risks to Lyft’s business.

20 135. The after-the-fact developments described in paragraphs 120-30 were exactly the  
21 kind of trends and significant risks that Lyft knew about but failed to disclose, despite its  
22 obligation to do so.

23 ***The Registration Statement overstated Lyft’s market share.***

24 136. The Registration Statement made the following representations concerning Lyft's  
25 business and market share:

26 Our values, brand, innovation and focused execution have driven significant  
27 growth in market share and in the number of users on our platform. As  
28 ridesharing becomes more mainstream, we believe that users are  
increasingly choosing a ridesharing platform based on brand affinity and

1 value alignment. Our U.S. ridesharing market share was 39% in December  
2 2018, up from 22% in December 2016. This growth comes from both new  
3 drivers and riders as well as increased ride frequency. For the quarter ended  
4 December 31, 2018, we had 8.6 million Active Riders and over 1.1 million  
5 drivers who provided rides.<sup>1</sup>

6 Our revenue was \$343.3 million, \$1.1 billion and \$2.2 billion in 2016, 2017  
7 and 2018, respectively, representing year-over-year growth of 209% from  
8 2016 to 2017 and 103% from 2017 to 2018.

9 137. The Registration Statement reaffirmed these representations by making the  
10 following statements concerning Lyft's business and market share:

11 We operate in a competitive market and must continue to compete  
12 effectively in order to grow, improve our results of operations and achieve  
13 and maintain long-term profitability. We are one of the largest and fastest  
14 growing multimodal transportation networks in the United States and  
15 Canada. Our main ridesharing competitors in the United States and Canada  
16 include Uber, Gett (Juno) and Via. Our main competitors in the bike and  
17 scooter sharing market include Uber (Jump), Lime and Bird. We also  
18 compete with taxi cab and livery companies, traditional automotive  
19 manufacturers and developers of autonomous vehicle technology that may  
20 compete with us in the future, including Alphabet (Waymo). Although we  
21 face intense competition, our values, brand, innovation and focused  
22 execution have driven increased ridesharing market share in the United  
23 States, growing from 22% in December 2016 to 39% in December 2018.

24 138. The Registration Statement's market share claims were substantially overstated.  
25 The overstated figures were materially misleading in that they portrayed Lyft as more  
26 competitive than it actually was.

27 139. Indeed, in the immediate wake of the IPO, investors raised concerns that Lyft's  
28 reported market share of 39% may have been overstated. While the market share figures  
contained in the Registration Statement came from Slice Technologies, Inc., an entity affiliated  
with Rakuten, Lyft's largest investor, a more reliable market share analysis from data company  
Second Measure, an independent credit-card based source that analyzes purchases from millions

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<sup>1</sup> According to the Registration Statement, "Active Riders" is defined as "all riders who take at least one ride on [Lyft's] multimodal platform through the Lyft app during a quarter." Importantly, for Lyft's "acquired businesses, including Motivate, only riders that have taken a ride or rented a bike or scooter through [the] Lyft app during the quarter will count as an Active Rider."



1 of anonymized U.S. shoppers put Lyft's market share at closer to 28% in the U.S., compared to  
2 69% for Uber.

3 140. On April 1, 2019, an analyst report from Guggenheim Partners stated "LYFT  
4 claims that U.S. share has ramped from 22% in 2016 to 39% in 2018. Our own Google Trends  
5 analysis comparing share of search volume across top ride-hail markets puts LYFT share at  
6 24%." The report was featured on CNBC.com. Lyft's share price fell nearly 12% on this news.

7 141. Then, on April 11, 2019, after the close of the market, Uber filed its Form S-1  
8 with the SEC. Uber's Form S-1 claimed a market share greater than 65% in the United States and  
9 Canada, a claim that further undermined Lyft's purported claim of 39% market share. Lyft's  
10 stock price declined another 1.83% the next day.

11 ***The Registration Statement failed to disclose the key metrics used to measure financial***  
12 ***performance and growth were about to be abandoned.***

13 142. In the lead up to Lyft's IPO, a major question for investors was whether the  
14 Company would ever become profitable.

15 143. The Registration Statement pointed to "Bookings" and "Revenue as a Percentage  
16 of Bookings" as key metrics, including to "evaluate our business, measure our performance,  
17 identify trends affecting our business, formulate business plans and make strategic decisions."

18 144. The Registration Statement emphasized that Bookings were a "key indicator" of  
19 growth for the business and a key metric to analyze revenue growth:

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

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

27 145. Similarly, the Registration Statement highlighted Revenues as a Percentage of  
28 Bookings as a "key measure" that the Company expected to increase in the future:



1 ***Over the periods presented, our Revenue as a Percentage of Bookings has***  
2 ***improved*** as we have increased service fees and commissions, improved the  
3 efficiency and effectiveness of driver incentives, which reduces the amount  
4 of incentives that have the effect of decreasing revenue, and reduced  
5 market-wide price adjustment promotions offered to ridesharing riders. The  
6 growth rate in Revenue as a Percentage of Bookings increased significantly  
7 in the first and second quarters of 2017 as more riders used our platform  
8 and we experienced increased usage of our platform by riders, which  
9 enabled us to provide more earnings opportunities for drivers and increased  
10 service fees and commissions. The growth rate in Revenue as a Percentage  
11 of Bookings increased significantly in the second and fourth quarters of  
12 2018 as we increased service fees and commissions in line with the industry,  
13 and had greater efficiency and effectiveness of our driver incentives,  
14 respectively. ***We expect our Revenue as a Percentage of Bookings to***  
15 ***increase over time*** as we improve the utilization of driver hours, increase  
16 the efficiency of driver incentives and grow revenue from our network of  
17 shared bikes and scooters and from the Select Express Drive Partner.

18 146. The Bookings and Revenues as a Percentage of Bookings metrics were central to  
19 the Registration Statement's discussion of the Company's revenue growth in the years leading up  
20 to the IPO:

21 *2016 Compared to 2017*

22 Revenue increased \$716.6 million, or 209%, in the year ended  
23 December 31, 2017 compared to the prior year. ***The increase was driven by***  
24 ***a 141% increase in Bookings and a 28% increase in Revenue as a***  
25 ***Percentage of Bookings.*** The increase in Bookings was primarily related to  
26 a 131% increase in Rides, driven primarily by an increase of between 91%  
27 and 128% in Active Riders in each of the quarters of 2017 compared to the  
28 same periods in 2016. The increase in Active Riders was primarily due to  
an increase in our market share, our geographic expansion and wider market  
adoption of ridesharing. ***Revenue as a Percentage of Bookings increased***  
***28%, from 18% for the year ended December 31, 2016 to 23% for the year***  
***ended December 31, 2017.*** This five percentage point improvement in  
Revenue as a Percentage of Bookings was driven by increased service fees  
and commissions, which contributed approximately two percentage points,  
greater efficiency and effectiveness of driver incentives, which contributed  
approximately two percentage points, and a reduction in market-wide price  
adjustment promotions offered to ridesharing riders, which contributed  
approximately one percentage point.

*2017 Compared to 2018*

Revenue increased \$1.1 billion, or 103%, in the year ended December 31,  
2018 compared to the prior year. ***The increase was driven by a 76%***

1            **increase in Bookings and a 17% increase in Revenue as a Percentage of**  
2            **Bookings.** The increase in Bookings was primarily related to a 65% increase  
3            in Rides, driven primarily by an increase of between 47% and 74% in Active  
4            Riders in each of the quarters of 2018 compared to the same periods in 2017.  
5            The increase in Active Riders was primarily due to an increase in our market  
6            share and wider market adoption of ridesharing. **Revenue as a Percentage**  
7            **of Bookings increased four percentage points from 23% for the year**  
8            **ended December 31, 2017 to 27% for the year ended December 31, 2018.**  
9            This four percentage point improvement in Revenue as a Percentage of  
10           Bookings was driven by greater efficiency and effectiveness of driver  
11           incentives, which contributed approximately two percentage points,  
12           increased service fees and commissions, which contributed approximately  
13           one percentage point and revenue from the Select Express Drive Partner  
14           program, which contributed approximately one percentage point.

15           147. The statements in paragraphs 143-46 were materially misleading, omitted  
16           information necessary in order to make the statements not misleading, and omitted material facts  
17           required to be stated therein because they failed to disclose that Lyft was about to stop reporting  
18           these “key” metrics of performance and growth. Indeed, these “key” metrics were notably absent  
19           when Lyft reported its first quarter 2019 earnings – Lyft’s first quarter as a public company – on  
20           May 7, 2019.

21           148. After touting the importance of the metrics in the Registration Statement just five  
22           weeks earlier, investors and analysts were left to guess the true nature of Lyft’s performance.

23           149. An article published on Quartz.com wrote disapprovingly:

24           In its earnings report, Lyft also chose to withhold gross bookings, a measure  
25           of the total dollar value of sales made through its platform. Ride-hail  
26           companies like Uber and Lyft pay out the bulk of bookings (fares) to drivers  
27           as earnings. Figuring out how to increase the share of the fare the company  
28           keeps—called the “take rate”—while still paying enough to make the gig  
                 worthwhile for drivers is a key challenge for these companies, and one that  
                 will help determine whether they can ever become profitable.

**Lyft had highlighted gross bookings in its IPO filing and in particular its**  
                 **take rate, which grew steadily throughout 2017 and 2018. For the company**  
                 **to suddenly stop sharing those figures in its first quarterly earnings report**  
                 **is a surprise.**

                 150. An article published on MarketWatch.com criticized Lyft for beginning “life as a  
                 public company by taking away crucial information for investors, and insultingly insist[ing] that  
                 it was for their own good.” Lyft’s CFO, Brian Roberts, attempted to explain the decision on a

1 conference call, stating “We are now aggressively investing in new areas including those where  
2 revenue equals booking and so we really wanted to avoid investor confusion.” Despite Roberts’  
3 professed desire to avoid confusion, the MarketWatch article observed that Lyft’s earnings report  
4 offered plenty:

5 Lyft offered investors several different versions of profitability, including  
6 GAAP and non-GAAP net income, GAAP and non-GAAP operating  
7 income, and adjusted EBITDA, with vast differences in all those numbers.  
8 Lyft even offered an extremely nontraditional “adjusted cash” figure in  
supplemental materials, so that it could add in the IPO proceeds even though  
the company received them after the quarter was over.

9 ***Lyft did not offer any other numbers that could provide visibility into the***  
10 ***revenue breakdown, though.***

11 151. Lyft’s failure to disclose that it would no longer report the “key” metrics  
12 indicative of the Company’s growth and revenue also violated the disclosure requirements of  
13 Item 303. The Registration Statement repeatedly emphasized the importance of these metrics,  
14 including statements that “Our bookings represents the amounts from which we earn our revenue  
15 and we expect that our revenue will grow as our Bookings grow,” and “Over the periods  
16 presented, our Revenue as a Percentage of Bookings has improved . . . . We expect our Revenue  
17 as a Percentage of Bookings to increase over time.” These metrics were integral to the path to  
18 future profitability set forth in the Registration Statement. Whatever the reasoning behind the  
19 decision, abandoning the “key” metrics is precisely the kind of event which requires disclosure  
20 under Item 303.

21 152. Touting the growth of “key” revenue metrics in the Registration Statement was  
22 misleading for the additional reason, discussed below, that Lyft failed to disclose that it was just  
23 three days from closing its largest single-quarter loss in the Company’s history.

24 ***The Registration Statement failed to disclose that Lyft suffered a record loss for the first***  
25 ***quarter of 2019.***

26 153. The Registration Statement also omitted material facts required to be stated  
27 therein because the Company failed to disclose that it was just three days away from closing the  
28 first quarter of 2019 with record losses. Lyft’s first quarter losses, which were announced just

1 five weeks after the Offering but not disclosed in the Registration Statement, came in at a record  
2 \$1.14 billion or \$48.53 per share.

3 154. Lyft claimed that the loss was attributable to compensation charges. However,  
4 Lyft's adjusted loss, which excluded roughly \$894 million in stock-based compensation related  
5 to the IPO and other adjustments, came in at \$211 million or approximately \$9 per share,  
6 whereas analysts had expected losses of \$3.77 per share.

7 155. That Lyft's adjusted losses came in at nearly three times analyst expectations was  
8 also troubling because Lyft's reported revenue of \$766 million actually beat the \$739.9 million  
9 expected by analysts. Lyft's adjusted loss of \$211 million marked only a slight improvement  
10 over the \$228 million adjusted loss reported for the same period in 2018. With just three days left  
11 in the first quarter at the time of the IPO, Lyft was aware that it was about to record the  
12 disappointing loss. Item 303 required management to discuss this trend in the Registration  
13 Statement, which Lyft failed to do. The lackluster performance was compounded by the  
14 undisclosed decision to remove the "key" growth metrics as this prevented analysts and investors  
15 from comparing Lyft's performance to prior periods.

16 156. After the Company announced the poor earnings, which also omitted the "key"  
17 metrics, Lyft's stock price fell nearly 11% at the close of trading on May 8, 2019.

18 157. Despite Lyft's attempt to attribute the loss to compensation charges, the financial  
19 media and investors were unconvinced. Quartz.com published an article titled "Mind the GAAP,  
20 How Lyft disguises its losses," criticizing Lyft for using unconventional accounting methods to  
21 suggest that the record \$1.14 billion loss was not as bad as it looked, as well as for doing away  
22 with the "key" metrics Lyft had highlighted in the Registration Statement. A *Wall Street Journal*  
23 article published a week after Lyft announced its first quarter results, titled "Uber and Lyft Get  
24 Creative With Numbers, but Investors Aren't Blind to the Losses" criticized Lyft for using  
25 "creative accounting [] reminiscent of the late 1990s dot-com bubble, when money-losing  
26 companies went public touting 'pro forma' profit as a better measure of financial performance."  
27  
28

1 ***The Registration Statement failed to disclose issues with Lyft's bikesharing program.***

2 158. On November 30, 2018, Lyft completed its acquisition of Motivate, the largest  
3 bike sharing platform in the United States. The Motivate acquisition marked a major step toward  
4 Lyft's strategy to achieve growth through the expansion of its transportation offerings.

5 159. The acquisition included a commitment by Lyft to invest \$100 million in the  
6 bikesharing system for the New York metro area over the next five years. The commitment  
7 garnered positive headlines for Lyft, including "Citi Bike to triple in size, thanks to \$100 million  
8 from new owner Lyft."

9 160. In the weeks leading up to the IPO, Lyft's Head of Bike, Scooter, & Pedestrian  
10 Policy, Caroline Samponaro, authored an article titled "How Electric Bikes Are Changing the  
11 Game for Urban Mobility." Samponaro touted Lyft's plans to expand its electric bike offerings,  
12 writing, in part:

13 To date, we've only deployed electric bikes on a relatively small scale in  
14 select cities. That's about to change, because of the results we've seen. The  
15 early data hints at the enormous potential:

- 16 • So far, we've piloted electric bikes in our bikeshare networks in  
17 the Bay Area, New York City and Washington DC area.  
18 Altogether, riders have pedaled more than 912,000 trips on  
19 electric bikes since our pilots began.

20 \* \* \*

21 You know Lyft as a rideshare company, so it might be surprising to hear  
22 this: we truly believe electric bikes will become a real alternative to rides in  
23 cars, and we're excited about that. Bikeshare is a natural extension of Lyft's  
24 vision to improve transportation access, sustainability and affordability. We  
25 want the members of our community to get where they are going quickly  
26 and easily, and it's very clear that electric bikes are the next great way to do  
27 that.

28 161. Echoing Samponaro's sentiment, the Registration Statement addressed Motivate,  
making the following representations concerning the purpose behind the Company's acquisition  
of the bike sharing 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, the  
3 largest bike sharing platform in the United States.

4 \* \* \*

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

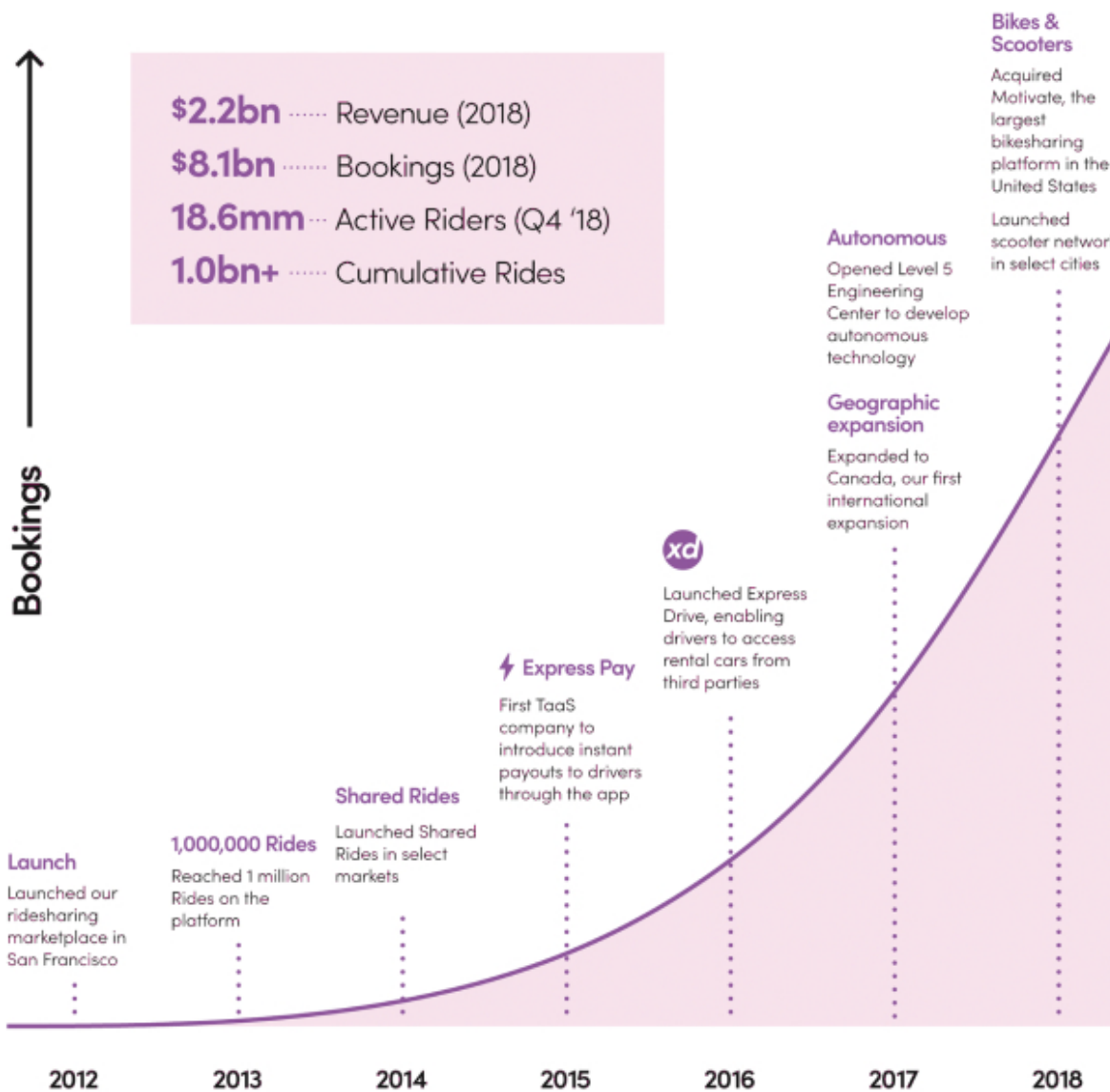
10 \* \* \*

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

19 162. The Registration Statement also disclosed that as part of the acquisition, Lyft  
20 “committed to invest \$100 million in the bikesharing system for the New York metro area over  
21 the next five years.”

22 163. The Registration Statement highlighted the Motivate acquisition in discussing  
23 “several key milestones” that Lyft had achieved since its inception in 2012:  
24  
25  
26  
27  
28

## Evolution of Lyft



164. In addition to being the most recent “key milestone” leading up to Lyft’s IPO, the Motivate acquisition marked Lyft’s first significant foray outside of its traditional ridesharing model. The Motivate acquisition was important to the Company’s future growth because, unlike Uber, which also offers food delivery and freight services for businesses, Lyft’s “singular focus” was on transportation.

165. In a section titled “Why Lyft Wins,” the Registration Statement emphasized Lyft’s “Singular Focus on Transportation,” explaining that “We are singularly focused on revolutionizing transportation. This enables us to continually address the needs of a diverse and



1 evolving user base through innovative offerings, scale our user network and grow our market  
2 share. We believe that this focused approach is critical to truly leading and winning the TaaS  
3 market.” The Registration Statement also highlighted Lyft’s “Innovative Multimodal Platform”  
4 as a reason “Why Lyft Wins.” Lyft’s multimodal platform included “a network of shared bikes  
5 and scooters in a number of cities to address the needs of riders who are looking for lower-  
6 priced, more active and often more efficient options for short trips during heavy traffic. These  
7 modes can also help supplement the first mile and last mile of a multimodal trip with public  
8 transit.”

9 166. In a section titled “Our Growth Strategy,” the Registration Statement stated “U.S.  
10 consumers spend over \$1.2 trillion on transportation annually. We are in the very early phases of  
11 capturing this large opportunity.” Lyft’s bikesharing business featured prominently in the  
12 ensuing discussion of Lyft’s growth strategy, which included: “Increase Our Use Cases” by  
13 extending Lyft’s “offerings to make Lyft the TaaS network of choice across an expanding range  
14 of use cases”; “Expand Our Multimodal Offerings” to offer riders increased transportation  
15 options to increase rider engagement; and “Grow Our Share of Rider Transportation Spend” by  
16 offering a breadth of multimodal transportation options so that riders would be more likely to  
17 turn to Lyft for all their transportation needs. The Motivate acquisition was also the featured  
18 example for how Lyft planned to achieve growth through the “Pursu[it] [of] M&A and Strategic  
19 Partnerships.”

20 167. The Registration Statement also discussed “Key Benefits to Riders,” explaining  
21 “We work hard to provide our riders with a quality experience every time they open the Lyft app,  
22 in order to earn the right to have Lyft be their TaaS network of choice.” To that end, the  
23 Registration Statement highlighted that “[t]he high availability of our platform and the breadth of  
24 our offerings have made us the preferred TaaS network for millions of riders[,]” including  
25 through the expansion of Lyft’s “recently introduced network of shared bikes and scooters.”

26 168. Further, the Registration Statement emphasized Lyft’s access to and reliance on  
27 real-time data regarding its bikes and scooters: “Beyond facilitating our ridesharing marketplace,  
28 we also utilize data-driven insights to improve our network of shared bikes and scooters.”



1           169. The Registration Statement also stressed Lyft’s commitment to safety for its bike  
2 and scooter offerings, explaining that “[s]afety is a key tenet that guides our work with bikes and  
3 scooters” and “[w]e are committing to high safety standards for the operation of bikes and  
4 scooters on our platform to best serve our riders and broader communities.”

5           170. Lyft’s statements were materially misleading, omitted information necessary in  
6 order to make the statements not misleading, and omitted material facts required to be stated  
7 therein because they failed to disclose that thousands of the bikes in Lyft’s rideshare program  
8 suffered from safety and maintenance issues that jeopardized the growth and success that Lyft  
9 hoped to achieve through the expansion of its bikeshare offering. By the time of the IPO, Lyft’s  
10 bikeshare program was experiencing severe and pervasive safety issues. These problems  
11 extended to the newly introduced electric bike fleet as well.

12           171. The problems with Motivate’s bikes were so prevalent that it became a “public  
13 safety issue, not just a customer complaint issue.” There were dozens of reports of riders  
14 suffering scrapes, bruising and broken limbs.

15           172. Motivate management was notified of these bike problems. Members of  
16 Motivate’s management, including Samponaro, moved over to Lyft once the acquisition was  
17 completed. Thus, months before the IPO, Lyft was aware of problems plaguing Motivate’s bike  
18 fleet. Further, the contracts entered into between Motivate and the cities they operated in  
19 contained extensive record-keeping and reporting requirements. As a result, every crash and  
20 complaint was logged in Motivate’s system, which Lyft obtained full access to, including  
21 engineering and customer service records.

22           173. On September 26, 2018, an article titled “It’s Not Your Imagination – Something  
23 is Seriously Wrong With Citi Bike Right Now,” revealed that “[a]ccording to the Lyft-owned  
24 company’s own data,” twenty-one percent of Citi Bike’s fleet had “simply disappeared” in just a  
25 two-week period. The article noted that despite being the world’s most popular bike share  
26 system, it was “far and away the world’s worst-maintained system[.]” and that “[n]o other  
27 comparable bike-share system comes even close” to having such a large percentage of its fleet  
28 unavailable. Motivate admitted to the problems, stating “Keeping the bike fleet in a state of good

1 repair is a key priority for Citi Bike, and right now we have a backlog of bikes that are due for  
2 maintenance and repairs.”

3 174. Another article on the same topic noted that Citi Bike’s contract with New York  
4 City called for fines of nearly \$1.4 million due to the failure to maintain availability of 97  
5 percent of the fleet. Although the City commented that it had “not sought any damages from  
6 Motivate yet[,]” the article highlighted that the “repair crisis comes at a sensitive time for the  
7 nation’s biggest bike share system, which is owned by Lyft” as Motivate was already struggling  
8 to expand the bike share program.

9 175. As for Lyft’s electric bike fleet, dozens of riders sustained serious injuries due to  
10 a then-unknown issue with the braking system used on the electric bikes. Examples of rider  
11 injuries sustained by the electric bike braking defect in the time leading up to the IPO include:

12 Mid-February 2019 – Dominik Glodzik flew over his handlebars after  
13 attempting to brake before a stop sign.

14 February 19, 2019 – John Bacon hurtled over his handlebars after tapping  
15 the brake. Bacon lost mobility in his left knee as a result of the crash.

16 March 3, 2019 – Julia Li broke her left wrist after flying off her hard-braking  
17 bike.

18 Mid-March 2019 – Jordan Wyckoff flew over his handlebars after the front  
19 wheel locked up when he hit the brakes.

20 March 16, 2019 – Felipe Ventura flew over his handlebars after braking to  
21 avoid a pedestrian, breaking both of his elbows. Adding insult to injury,  
22 Lyft charged Ventura an overtime fee for four hours for failing to properly  
23 dock his bike after the accident.

24 March 17, 2019 – Bill Somers flew over his handlebars after “lightly  
25 tapp[ing]” the brake, breaking his hip and spending four days in the hospital.  
26 Somers explained, “I literally touched [the brake] with two of my fingers  
27 and it locked up.”

28 176. On April 14, 2019, as a result of the braking issue, Lyft pulled its entire fleet of  
thousands of electric bikes in New York, Washington D.C., and San Francisco.

177. It was later revealed that the problem resulted from Motivate’s failure to follow  
instructions from component manufacturer, Shimano. Specifically, the Shimano brakes used on

1 the electric bikes required a “power modulator” to ensure proper function. Lyft’s electric bikes  
2 lacked this feature. Shimano issued a statement putting the blame on Lyft:

3 Shimano provides specification requirements for bicycle manufacturers to  
4 refer to when designing bicycles. When designed and assembled to these  
5 specifications the brakes perform to global standards. With regards to this  
6 specific case, based on the information we have, ***this is not a Shimano  
7 brake issue*** as the specification requires the use of a power modulator for  
8 this brake. ***It appears this specification was not followed by manufacturers  
9 of some of the bicycles in question.***

10 178. Indeed, Shimano’s user and dealer manual explicitly states: “If the hub is not  
11 equipped with the power modulator, the braking force may be excessively applied.”

12 179. Holly Brinkman, head of marketing for GenZe, which manufactured Motivate’s  
13 first line of electric bikes, noted that GenZe’s bikes were not part of the recall. Brinkman stated  
14 that when Lyft acquired Motivate, the Company moved the GenZe bikes to San Jose and  
15 replaced them with modified bikes taken from Motivate’s existing fleet. Brinkman added, “In  
16 terms of expansion, it was more affordable to electrify their existing bikes rather than acquire  
17 new electric bikes. [Lyft] essentially did a makeshift electric bike with their existing frame and  
18 model.”

19 180. Bicycling Magazine spoke with a Motivate bike mechanic who said “employees  
20 were not trained to work with the electronic braking systems or e-brakes in general. As reports  
21 of crashes came in, mechanics were told to run through a series of basic maintenance tests,  
22 including torquing and re-greasing the brakes. None of these seemed to work.” The mechanic  
23 further stated, “I do believe it was a fundamental lack of knowledge about what was going on[.] .  
24 . . It seems like we were getting repairs into the shop before most mechanics knew how to work  
25 on them[,]” and that “The e-bikes seemed a bit rushed, almost like they were trying to make it  
26 out first rather than taking the time to do things right.”

27 181. Similarly, a Citi Bike employee with knowledge of the electric bikes told the New  
28 York Daily News: “I knew this was going to occur,” and “It’s just one quick fix after another—  
these bikes are cheap.”

1           182. Initially believing that the injuries sustained were the riders' own fault, riders felt  
2 betrayed when the truth came out, prompting some to seek legal action against Lyft. One rider  
3 said "I initially blamed myself, I told everybody that it seemed really odd how sensitive the  
4 brake was." Another rider said "I'm pretty confident on a bike, it just didn't occur to me that  
5 there was a problem with the Citi Bike."

6           183. Although the Registration Statement noted that revenue from Lyft's network of  
7 bikes and scooters "was not material for the year ended December 31, 2018," the Registration  
8 Statement made clear that the expansion of Lyft's bike and scooter offering was a key to the  
9 Company's growth plans.

10           184. The materiality of Lyft's misleading statements and omissions is evident from the  
11 response to the electric bike recall – the Company's share price declined 6.32% on April 15,  
12 2019.

13           185. To be sure, in response to criticism of Lyft's decision to stop reporting Bookings  
14 and Revenue as a Percentage of Bookings in its 1Q19 earnings, Lyft's CFO explained the  
15 decision by stating, "We're now aggressively investing in new areas, including those where  
16 revenue equals bookings. . . . [A]s we begin to expand our shared networks of bikes and scooters  
17 . . . we don't think the ride metric is the best way to understand our business going forward."

18           186. In addition to the materially misleading statements and omissions described in  
19 paragraphs 161-69 above, the Registration Statement misleadingly assured investors that the  
20 factors that could prevent the successful growth of Lyft's bikeshare platform were hypothetical  
21 risks rather than concealed realities.

22           187. For example, the Registration Statement acknowledged that "Our business in part  
23 depends on our ability to efficiently grow and further develop our network of shared bikes and  
24 scooters, which *may* not grow as we expect or become profitable over time." In discussing the  
25 potential "Risk Factors" that could adversely affect the Company's growth and financial  
26 condition, the Registration Statement provided:

27                   [T]he market for our other offerings, such as our network of shared bikes  
28                   and scooters, is new and unproven, and it is uncertain whether demand for

1 bike and scooter sharing will continue to grow and achieve wide market  
2 acceptance. Our success will depend to a substantial extent on the  
3 willingness of people to widely-adopt ridesharing and our other offerings.  
4 If the public does not perceive our ridesharing or our other offerings as  
5 beneficial, or chooses not to result them as a result of concerns regarding  
6 safety, affordability, or other reasons, whether as a result of incidents on our  
7 platform or on our competitors' platforms or otherwise, then the market for  
8 our offering *may* not further develop, *may* develop more slowly than we  
9 expect or *may* not achieve the growth potential we expect, any of which  
10 could adversely affect our business, financial condition and results of  
11 operations.

12 188. In discussing the risks of harm to Lyft's reputation, the Registration Statement  
13 provided, "[n]egative perception of our platform or company *may* harm our reputation, brand  
14 and network effects, including as a result of: . . . a failure to detect a defect in our . . . bikes or  
15 scooters."

16 189. Similarly, the Company disclosed the "risk" that it might not achieve growth and  
17 profitability "[e]ven if we are able to successfully develop and implement our network of shared  
18 bikes and scooters," but couched this "risk" in hypothetical terms by stating that:

19 [T]here *may* be heightened public skepticism of this nascent service  
20 offering. In particular, there *could* be negative public perception  
21 surrounding bike and scooter sharing, including the overall safety and the  
22 potential for injuries occurring as a result of accidents involving an  
23 increased number of bikes and scooters on the road. Such negative public  
24 perception *may* result from incidents on our platform[.]

25 \* \* \*

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

190. The Registration Statement also disclosed the "risk" that "Our bikes and scooters  
*may* experience quality problems from time to time, which *could* result in product recalls,  
injuries, litigation, enforcement actions and regulatory proceedings, and could adversely affect  
our business, brand, financial condition and results of operations."

1 We design and contract to manufacture, and directly and indirectly modify,  
2 maintain and repair, bikes and scooters for our network of shared bikes and  
3 scooters. Such bikes and scooters *may* contain defects in their design,  
4 materials and construction or *may* be improperly maintained or repaired.  
5 These defects or improper maintenance or repair *could* unexpectedly  
6 interfere with the intended operations of the bikes or scooters, which *could*  
7 result in injuries to riders.

8 191. In describing the “risk” of claims from riders of Lyft’s bikes, the Registration  
9 Statement hypothetically warned:

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

17 192. The foregoing “Risk Factors” were materially misleading because the  
18 hypothetical risks warned of were present realities. Lyft’s fleet of bikes were already  
19 experiencing dangerous defects and were being improperly repaired, making these “Risk Factor”  
20 disclosures materially misleading and omitting material facts.

21 193. Similarly, Lyft violated Item 303 by failing to disclose material facts required to  
22 be stated in the Registration Statement – that thousands of Lyft’s bikes were plagued with  
23 dangerous defects and that the Company had been unable to keep up with maintenance  
24 requirements to ensure availability to riders.

25 ***The Registration Statement contained misleading statements and omissions concerning Lyft’s***  
26 ***treatment of drivers and the potential for labor disruptions.***

27 194. The Registration Statement also addressed Lyft’s treatment of its drivers stating:

28 Driver-Centric. We focus on providing drivers with a best-in-class  
experience. From day one, we offered in-app tipping to help drivers  
maximize earnings. Drivers have access to 24/7 support and earnings tools  
as well as career coaches, education resources and flexible car rental  
programs. We are also making significant investments in Driver Hubs, our  
driver-centric service centers and community spaces, to assist drivers on  
and off the road. We also introduced subscription offerings to encourage  
greater ride frequency, thereby providing more earning opportunities for  
drivers.

\* \* \*

1  
2 Personalized, Data-Driven Insights. We have collected data from over one  
3 billion rides and over ten billion miles driven to inform our machine  
4 learning algorithms and data science engines. We leverage insights from  
5 this data to improve the product experience for riders by presenting them  
6 with personalized transportation options. Our data insights also allow us to  
7 anticipate market specific demand, enabling us to create customized  
8 incentives for drivers in local markets. We enable riders to optimize routes  
9 across multiple modes of transportation which we believe provides us with  
10 a significant advantage over single modality provider.

\* \* \*

8  
9 Ridesharing Marketplace. Our core offering since 2012 connects drivers  
10 with riders who need to get somewhere. The scale of our network enables  
11 us to predict demand and proactively incentivize drivers to be available for  
12 rides in the right place at the right time. This allows us to optimize earning  
13 opportunities for drivers and convenience for riders, creating sustainable  
14 value to both sides of our marketplace.

\* \* \*

#### 14 Key Benefits to Drivers

15 We work hard to serve the community of drivers on our platform,  
16 empowering them to be their own bosses and providing them the  
17 opportunity to focus their time on what matters most. Key benefits to drivers  
18 on our platform include:

18 • Flexibility. Whether someone is fully-employed or retired, having the  
19 flexibility to work when they choose can make a big difference. Drivers can  
20 sign up for Lyft easily from their device of choice. After background and  
21 safety checks are completed and their application is approved, they can start  
22 earning. Drivers can choose to get paid almost instantly with Express Pay  
23 or choose to have their earnings deposited on a weekly basis. In select cities,  
24 drivers who do not own a vehicle can get a flexible car rental with our  
25 Express Drive program in partnership with Hertz, Flexdrive and Avis  
26 Budget Group.

24 • Income. Drivers have earned over \$10 billion on our platform since  
25 inception. Our predictive technology around ride volume and demand  
26 enables us to share key information with drivers about when and where to  
27 drive in order to maximize their earnings on a real-time basis.

27 • Trust and Safety. Safety is our top priority, and establishing a community  
28 built on trust and safety is paramount to our success. We were the first to  
provide up to \$1 million in commercial automobile liability insurance for



1 Transportation Network Company, or TNC, delivers from the moment they  
 2 are matched with a rider until that rider is dropped off. We also provide  
 3 drivers support in emergency situations and accidents. In addition, all riders  
 4 using the Lyft app must provide valid payment credentials and a phone  
 5 number for identification purposes prior to requesting a ride. All  
 6 transactions are processed through our platform, so drivers do not need to  
 7 worry about carrying cash.

8 • Extensive Support. We invest heavily in driver support and are  
 9 continuously innovating to improve driver experiences. Our Driver Hubs  
 10 and field locations in major cities serve as gathering places and offer in  
 11 person support and a personal connection to Lyft employees. In addition,  
 12 drivers have access to 24/7 support and earnings tools, as well as career  
 13 coaches, education resources and other support to meet their personal goals.

14 \* \* \*

#### 15 Our Growth Strategy

16 \* \* \*

17 Invest in Technology to Strengthen Our Network and Increase Efficiency.  
 18 Our investments in proprietary technologies and predictive analytics  
 19 leverage insights derived from the rich set of data generated by our platform.  
 20 These investments allow us to deliver an affordable, convenient and high-  
 21 quality experience for our riders and increase the earnings of drivers. Our  
 22 investments in mapping, routing, payments, in-app navigation and matching  
 23 technologies are key to integrating technology and leveraging data science  
 24 into our platform in order to increase the efficiency of our platform and  
 25 improve safety. In addition, we are investing in autonomous technology,  
 26 which we believe will be a critical part of the future of transportation.

27 \* \* \*

#### 28 Optimizing Marketplace Supply

Once drivers sign up and begin driving, our predictive analytics and  
 dynamic pricing algorithms help us to align driver incentives to encourage  
 drivers to be available, at the right times, in areas of high demand. This  
 helps provide drivers with potentially higher earning opportunities by  
 allowing them to maximize their earnings per hour, which can elevate driver  
 satisfaction, increase supply in peak hours and improve the overall  
 efficiency of the marketplace.

195. The statements concerning Lyft's drivers were materially misleading, omitted  
 information necessary in order to make the statements not misleading, and omitted material facts



1 required to be stated therein because they failed to disclose that Lyft's strategy of treating drivers  
2 as independent contractors led to labor unrest which threatened the Company's operations.

3 196. As discussed in paragraph 112, Lyft's strategy to treat their drivers as independent  
4 contractors also led the Company to avoid taking proper steps to curb the sexual assault  
5 problems, including by not providing adequate sexual assault training, for fear that doing so  
6 would lead to drivers being classified as employees.

7 197. In the lead-up to the IPO, to increase the Company's reported revenues and  
8 profits, Lyft had caused its ridesharing app to begin charging higher "surge pricing" more often  
9 than it had previously been doing, and caused the app to retain a higher portion of the additional  
10 revenue without sharing a proportionate share with drivers. This led to decreased payment to  
11 drivers, disincentivizing them to drive for Lyft, and potentially damaging the business on a long-  
12 term basis. As a result, Lyft's business metrics, growth potential, and financial prospects were  
13 not as strong as presented in the Offering Materials.

14 198. The Registration Statement also failed to warn investors of the potential for a  
15 labor disruption notwithstanding the fact that on Monday, March 25, 2019, Lyft's drivers in Los  
16 Angeles had gone on strike for 25 hours.

17 199. In addition, at the time of the IPO, Lyft was actively fighting efforts by the state  
18 of California to make it easier to classify Lyft drivers as employees.

19 200. The potential for a labor disruption was further increased by the undisclosed fact  
20 that Lyft planned to stop reporting Revenue as a Percentage of Bookings. This was important  
21 because drivers had been complaining of not being paid enough, and without this metric,  
22 investors would be unable to gauge the likelihood of a labor disruption.

23 201. On May 6, 2019, Lyft's stock price fell 3.2% following revelations that Lyft  
24 drivers were planning to go on strike on Wednesday, May 8, 2019. On May 7, 2019, Lyft  
25 announced its record loss for the first quarter of 2019 in which the Company also ceased  
26 reporting its "key" metrics (§§ 147, 156). In conjunction with the labor strike, Lyft's share price  
27 fell an additional 11% by the close of May 8, 2019.  
28

1                                   **Plaintiff and the Class Were Damaged by the Misstatements**

2           202.   Lyft shares were sold in the IPO at \$72.00 per share.

3           203.   The true facts regarding the Offering Documents began to emerge immediately  
4 after the Offering. Beginning on April 1, 2019, when analysts questioned Lyft’s claimed market  
5 share, to May 17, 2019, the day the initial complaint in this Action was filed, Lyft’s stock price  
6 plummeted from \$74.90 to \$53.79 per share.

7                                   **Class Action Allegations**

8           204.   Plaintiff brings this action individually and as a class action on behalf of all  
9 persons or entities other than Defendants who purchased Lyft’s common stock pursuant to or  
10 traceable to Lyft’s Initial Public Offering (the “IPO”) on March 28, 2019.

11          205.   This action is properly maintainable as a class action.

12          206.   The Class is so numerous that joinder of all members is impracticable. Millions  
13 of shares were sold by Lyft in the IPO. Consequently, the number of Class members is believed  
14 to be in the thousands and are likely scattered across the United States. Moreover, damages  
15 suffered by individual Class members may be small, making it overly expensive and burdensome  
16 for individual Class members to pursue redress on their own.

17          207.   There are questions of law and fact that are common to the Class and that  
18 predominate over questions affecting any individual Class member. The common questions  
19 include, among others:

- 20               a. whether the Registration Statement contained untrue statements of material fact;  
21               b. whether the Individual Defendants signed the Registration Statement; and  
22               c. whether the Underwriter Defendants acted as underwriters.

23          208.   Plaintiff’s claims are typical of the claims of the other members of the Class and  
24 Plaintiff does not have any interests adverse to the Class.

25          209.   Plaintiff is an adequate representative of the Class, has retained competent  
26 counsel experienced in litigation of this nature, and will fairly and adequately protect the  
27 interests of the Class.



1           219. Plaintiff acquired Lyft common stock pursuant or traceable to the Registration  
2 Statement used for the IPO, and without knowledge of the material omissions or  
3 misrepresentations alleged herein.

4           220. Plaintiff and the Class have sustained damages because they purchased Lyft stock  
5 at an inflated price, which declined in value as a result of the corrective disclosures detailed  
6 herein.

7                           **Count Two**  
8                           **Violations of Section 12(a)(2) of the Securities Act**  
9                           **(Against All Defendants)**

10           221. Plaintiff repeats and reallege each and every allegation contained above as if fully  
11 set forth herein.

12           222. This claim is brought pursuant to §12(a)(2) of the Securities Act, 15 U.S.C.  
13 §77l(a)(2), on behalf of the Class, against Defendant Lyft, each of the Individual Defendants, and  
14 each of the Underwriter Defendants. This is a non-fraud cause of action. Plaintiff does not assert  
15 that Defendants committed intentional or reckless misconduct or that Defendants acted with  
16 scienter or fraudulent intent.

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

23           224. The Prospectus contained untrue statements of material facts, omitted to state  
24 other facts necessary to make the statements made not misleading, and omitted material facts  
25 required to be stated therein. The actions of solicitation by the Defendants named in this Claim  
26 included participating in the preparation of the false and misleading Prospectus and roadshow,  
27 and in the marketing of Lyft's Class A common stock to investors, such as Plaintiff and the other  
28 members of the Class.

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

9           226. Plaintiff and the other Class members did not know, nor could they have known,  
10 of the untruths or omissions contained in the Prospectus.

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

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

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

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

3 **Count Three**

4 **Violations of Section 15 of the Securities Act**

5 **(Against the Individual Defendants)**

6 230. Plaintiff repeats and realleges each and every allegation contained above as if  
7 fully set forth herein.

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

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

1 prior to the IPO, Defendant Horowitz owned 6.25% of Lyft's Class A common stock, Defendant  
2 Lawee owned 5.23% of Lyft's Class A common stock, and Defendant Mikitani (who also served  
3 as Chairman and CEO of Rakuten) held voting and dispositive power over 13.05% of Lyft's  
4 Class A common stock. As a result, at the time of the IPO, Defendants Green, Horowitz, Lawee,  
5 Mikitani and Zimmer collectively held 27.14% of Lyft's Class A common stock and 100% of its  
6 Class B common stock, giving them 65% of its voting power. The Individual Defendants each  
7 had a series of direct and/or indirect business and/or personal relationships with other directors  
8 and/or officers and/or major shareholders of Lyft.

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

14 234. As control persons of Lyft, each of the Individual Defendants are jointly and  
15 severally liable pursuant to §15 of the Securities Act with and to the same extent as Lyft for its  
16 violations of §11 of the Securities Act.

### 17 **Prayer for Relief**

18 Plaintiff prays for judgment against all Defendants as follows:

- 19 a. Ordering that this action may be maintained as a class action and certifying Plaintiff  
20 as Class representative and his counsel as Class counsel for actual damages and such  
21 other relief as the court deems appropriate;
- 22 b. For pre-judgment and post-judgment interest on any such monetary relief;
- 23 c. For reasonable attorneys' fees and costs;
- 24 d. For costs of suit herein; and
- 25 e. For such further relief as this Court may deem just and proper.

### 26 **Jury Trial Demanded**

27 Plaintiff demands a trial by jury on all counts so triable.  
28

1 April 16, 2020

Respectfully submitted,

2 /s/ Jacob A. Walker

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