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Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

)	Case No.
, Individually and onBehalf of All)	
Others Similarly Situated,)	<u>CLASS ACTION</u>
)	
Plaintiff,)	COMPLAINT FOR VIOLATIONS OF
)	CALIFORNIA CORPORATIONS CODE
vs.)	§§25400 AND 25500
)	
UBER TECHNOLOGIES INC. and TRAVIS)	
KALANICK,)	
)	
Defendants.)	
_____)	<u>DEMAND FOR JURY TRIAL</u>

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1 Plaintiff (“plaintiff”),
2 individually and on behalf of all others similarly situated, alleges the following based on the
3 investigation conducted by and through plaintiff’s attorneys, which included, among other things, a
4 review of Uber Technologies Inc. (“Uber” or the “Company”) releases, media reports, articles, court
5 documents, regulatory filings and other online materials. Plaintiff believes that substantial additional
6 evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for
7 discovery.

8 **NATURE OF THE ACTION**

9 1. Uber is a private technology startup that develops, markets, and operates car
10 transportation and food delivery mobile applications, or “apps.” Founded in San Francisco in 2009,
11 the Company’s most popular service is an app that allows users to remotely hail car rides.

12 2. The Retirement Fund brings this action on behalf of itself and all persons who
13 directly or indirectly purchased an interest in Uber securities between June 6, 2014 and September
14 22, 2017 (the “Class”) against Uber and its former Chief Executive Officer (“CEO”) Travis Kalanick
15 (“Kalanick”) for the dissemination of false and misleading statements about Uber and its operations,
16 which statements were made for the purpose of inducing the purchase of billions of dollars of Uber
17 securities. As the truth about defendants’ material misrepresentations and omissions has been
18 revealed, the price of Uber securities has declined significantly, causing class members to suffer
19 billions of dollars of losses on their investments.

20 3. Beginning in 2014 Uber and Kalanick commenced a mass media campaign designed
21 to induce investors to invest billions of dollars in the Company, as Uber expanded to grow its global
22 operations and offer a wider array of transportation and delivery services. Intending for their
23 statements to reach potential investors, Kalanick and Uber repeatedly told the public that they had
24 designed a revolutionary platform that was “changing the logistical fabric of cities around the
25 world.” According to defendants, “everyone benefits” from the Uber app – drivers benefited
26 because the app “represents a flexible new way to earn money”; riders benefited because it made
27 “transportation as reliable as running water”; and the cities in which Uber operated benefited
28 because it would “help strengthen local economies, improve access to transportation, and make

1 streets safer.” The Company portrayed itself as a force for good that was taking on entrenched
2 interests, most notably the taxi industry, which according to Uber had artificially stifled
3 transportation needs to the detriment of consumers, drivers and local communities.

4 4. In dozens of interviews and presentations – designed to coincide with Uber’s
5 solicitation of billions of dollars in private financing – Uber and its executives pushed the narrative
6 that the Company’s rapid revenue growth, increased ridership and expanded global footprint was
7 attributable to its uniquely innovative corporate culture built around cutting-edge advancements and
8 the promotion of innovative technologies.

9 5. Kalanick became the poster child of the Uber revolution. He gave dozens of
10 interviews with *Forbes*, *Bloomberg*, *Fortune*, *CNBC* and other news services touting the Company’s
11 “hyper” growth and “gangbusters” operating success. He pitched the Company on the Late Show
12 with Stephen Colbert and was named the *Financial Times*’ “Boldness in Business 2015 Person of the
13 Year” and a runner-up for *TIME* magazine’s 2015 Person of the Year. In his many media
14 appearances and public statements, which Kalanick intended to be widely disseminated and impact
15 the demand for and price of the Company’s securities, Kalanick repeatedly attributed Uber’s success
16 to an entrepreneurial company culture that strictly adhered to Uber’s “values” and “principles,”
17 which purportedly centered around promoting technological innovation and offering a superior
18 product that had dramatically improved the relationship between supply and demand in the
19 transportation industry.

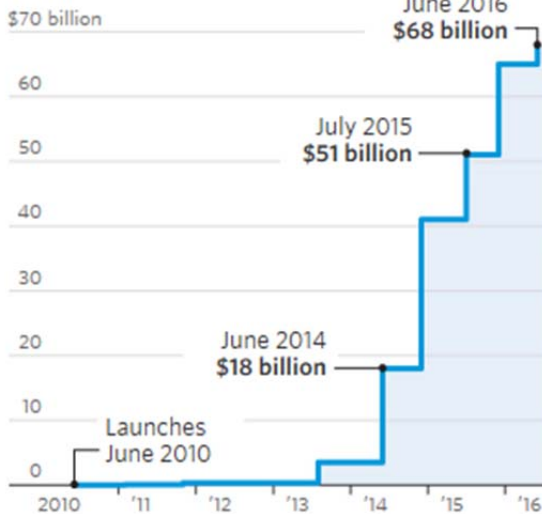
20 6. Defendants’ effort to induce investors to invest in the Company was a resounding
21 success. By 2016, defendants had directly or indirectly through investment vehicles raised more
22 than **\$10 billion** from plaintiff and other investors. And by mid-2016, Uber had reached a valuation
23 of nearly **\$70 billion** – making it the most highly valued private technology startup. At this rarefied
24 level, Uber was more valuable than established industry titans such as Ford Motor Company,
25 General Motors, Twenty-First Century Fox and tech giant eBay. The following graphic from *The*
26 *Wall Street Journal* illustrates this stunning growth and solicitation of private investment:

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Driving Growth

Uber's valuation rose rapidly as it pursued global market share.

Uber's valuation*



*Uber last raised funding at a \$68 billion valuation one year ago before a series of scandals
Sources: Dow Jones VentureSource; WSJ staff reports

7. In early 2017, defendants' story began to unravel. In a span of only a few months a shocking litany of corporate misconduct came to the fore, and investors learned startling truths about the willingness of Uber's C-Suite executives to flout local, national and international law, stifle competition, misappropriate trade secrets and seek vengeance against detractors. And the Company's vaunted corporate culture was revealed to in truth consist of a toxic hotbed of misogyny, sexual discrimination, and disregard for the law that threatened the Company's reputation, business and prospects.

8. While outwardly representing itself as a start-up darling fueled by technical innovation and entrepreneurial gumption in order to induce billions of dollars of investment, behind the scenes Uber was operating in violation of applicable law and driving its expansion by a Company-wide commitment to short-term growth at all costs, no matter the legal, financial or reputational risks involved. The following are just some of the Company scandals that would come

1 to light in 2017, in a series of revelations that rattled the startup community and sent Uber securities
2 into a freefall:

- 3 • **“Hell”**: Uber developed a secret program aptly code-named “Hell” used to pilfer
4 driver and rider data from its main competitor, Lyft Inc. (“Lyft”), unfairly undercut
5 rivals and stifle competition. The Federal Bureau of Investigation (“FBI”) and the
6 U.S. Attorney’s Office for the Southern District of New York have launched federal
7 investigations to determine whether Uber used Hell to illegally thwart competition.
- 8 • **“Greyball”**: Uber developed another covert program code-named “Greyball” that it
9 used to mislead regulators and evade detection by government officials in
10 jurisdictions in which it was operating illegally or had faced opposition. Greyball is
11 now the subject of a criminal probe by the U.S. Attorney’s Office for the Northern
12 District of California and an investigation by the San Francisco District Attorney’s
13 Office.
- 14 • **Waymo Theft**: After publicly touting the Company’s innovation in self-driving car
15 technologies as critical to Uber’s future success, it was revealed that Uber had
16 engaged in a scheme to simply steal self-driving car technologies from Waymo LLC
17 (“Waymo”), a subsidiary of Google-parent Alphabet Inc. Now, Uber is embroiled in
18 a multi-million dollar lawsuit with Waymo, its former employee has invoked the
19 protections of the Fifth Amendment against self-incrimination to avoid testifying
20 about documents in his possession, and the federal judge overseeing the case referred
21 the matter to federal prosecutors to determine if criminal charges are warranted.
- 22 • **Foreign Corrupt Practices**: Uber’s vaunted international expansion was revealed to
23 be the product of shady business dealings. To take one particularly galling example,
24 Uber knowingly rented out recalled and unsafe vehicles to its drivers in Singapore
25 after knowing that the vehicles could and have caught fire. The Company is also
26 now the target of a preliminary investigation by the U.S. Department of Justice
27 (“DOJ”) into potential violations of the Foreign Corrupt Practices Act (“FCPA”).
- 28 • **Medical Record Theft**: In 2014, an Uber driver sexually assaulted a passenger in
India. While Kalanick publicly condemned the horrendous act – “We will do
everything, I repeat, everything to help bring this perpetrator to justice and to support
the victim and her family in her recovery” – Uber and its executives secretly (and
cynically) attacked the victim, stealing the victim’s sensitive medical reports and
then using them to attempt to discredit her story, concocting the fantastical notion
that she had fabricated the sexual assault in order to bolster Uber’s rivals in India.
The Company has now been sued twice by the victim.
- **Systemic Discrimination**: In February 2017, a former Uber employee posted an
explosive blog detailing rampant and institutionalized misogyny, gender
discrimination and sexual harassment at the Company. The blog quickly went viral,
and soon after reports surfaced of a 2014 Uber-sponsored trip to a South Korean
escort bar attended by Kalanick and other executives. The allegations forced Uber to
launch an internal investigation helmed by former U.S. Attorney General Eric Holder

1 (“Holder”). The investigation called for sweeping changes to Uber’s culture, policies
2 and practices, and spawned a mass employee exodus of firings and resignations.

3 9. As a result of this pervasive pattern of unlawful behavior, Kalanick was forced to
4 resign as CEO of Uber in June 2017 and the Company has lost many high-level employees,
5 impairing its business, operations and prospects. Since the beginning of 2017, the Company has
6 parted ways with no fewer than 14 top executives, including its president, chief business officer,
7 heads of communications, ridesharing, advanced technologies, finance, artificial intelligence, maps
8 and business platform, engineering, product, and self-driving car divisions. Most recently, the
9 Company’s Chief Legal Officer and Global Compliance Officer have both resigned. Uber also has
10 become the subject of multiple criminal investigations and was named as a defendant in numerous
11 lawsuits. In August 2017, one of the Company’s earliest investors, Benchmark Capital Partners VII,
12 L.P. (“Benchmark”), which controls a seat on Uber’s Board of Directors (the “Board”), sued Uber
13 claiming it had been defrauded by Kalanick and others and accusing Uber of covering up gross
14 mismanagement and crooked business tactics – and this was *before* some of the most recent
15 scandals, such as a federal probe of the Hell program, came to light.

16 10. The seriatim disclosures that Uber was operating a business far different than what
17 investors had been led to believe has caused the Company’s securities to plummet. For example,
18 investors have marked down their Uber investments by as much as 15%, which translates to more
19 than \$10 billion in lost market capitalization in 2017 alone. These markdowns were reported before
20 certain of the most recent scandals have come to light, driving Uber’s value down even more. News
21 reports indicate investors now value Uber at a valuation representing at least *\$18 billion* in lost
22 market capitalization, and plaintiff anticipates additional markdowns caused by the most recently
23 revealed frauds. Uber’s newly appointed CEO summed it up on the last day of the Class Period:
24 “The truth is that there is a high cost to a bad reputation.”

25 11. Plaintiff brings this action under the California Corporations Code on behalf of a
26 Class (defined in ¶106 below) consisting of all persons who directly or indirectly purchased or
27 committed to purchase Uber securities between June 6, 2014 and September 22, 2017, inclusive (the
28 “Class Period”).

1 **PARTIES**

2 12. Plaintiff purchased Uber securities through an
3 interest in New Riders LP (“New Riders”), a Delaware limited partnership, in January 2016. The
4 sole purpose of New Riders is to invest in Uber Series G preferred shares. New Riders is managed
5 by Morgan Stanley Investment Management Inc. and its general partner is MS Alternatives Holding
6 D Inc., an entity owned by Morgan Stanley.

7
8
9 13. Defendant Uber Technologies Inc. is an on-demand ride service and transportation
10 technology company based in San Francisco, California. Uber’s principal place of business is in
11 California, and it is incorporated in Delaware.

12 14. Defendant Travis Kalanick is the founder and former CEO of Uber. He currently
13 serves as a Company director. Kalanick reportedly owns about 10% of Uber’s stock and about 35%
14 of its Class B common shares, giving him about 16% of Uber’s voting power. In addition, Kalanick
15 reportedly controls at least three of eleven seats on Uber’s Board, and as a result of his positions and
16 share ownership has effectively controlled the Company and exerted substantial influence over it at
17 all relevant times.

18 **JURISDICTION AND VENUE**

19 15. This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C.
20 §1332(d)(2) as this is a class action where at least one of the members of the class is a citizen of a
21 state different from any defendant, and the controversy exceeds the sum or value of \$5,000,000.

22 16. Venue is proper in this judicial district pursuant to 28 U.S.C. §1391(a) and (b) because:
23 (1) one or more defendants reside in this District; and (2) a substantial part of the events or omissions
24 giving rise to the claims occurred in this District.

25 **BACKGROUND TO THE FRAUD**

26 17. Uber was founded in 2009 by Kalanick and others as a luxury car service. Following
27 a beta run, Uber’s services and mobile app officially launched in San Francisco in 2011. The
28 Company started as an on-demand car service that allowed users to hail black luxury cars using a

1 text message or an app. Uber employed a dynamic pricing model that adjusted prices based on
2 perceived demand, and earned 20% to 30% commission for connecting passengers with drivers.

3 18. In July 2012, the Company introduced UberX, a cheaper service which allowed
4 anyone to drive for Uber using their own car, subject to a background check and certain car
5 requirements. By early 2013, the service was operating in 35 cities and Uber was experimenting
6 with other on-demand services. During this time, the Company grew from 75 employees to more
7 than 300 and claimed month-to-month revenue growth of 18%. It also raised more than \$400
8 million in startup financing and boasted a valuation of approximately \$3.5 billion.

9 19. Prior to June 2014, Kalanick laid the groundwork for Uber's first billion-dollar
10 funding round by disseminating a barrage of false and misleading statements touting the Company's
11 high revenue growth rates, which were designed to and did induce investments. In an interview
12 published by *Bloomberg* on July 30, 2013, Kalanick recognized, "[c]ompanies that are meeting
13 aggressive growth targets are able to raise money faster than the average company." As such, he
14 constantly talked up Uber's "hyper" growth rate and its implications for the Company, the U.S.
15 economy, and the American people in interviews, media, conferences and speeches. For example,
16 during the September 2012 Disrupt conference, Kalanick emphasized that Uber was "**growing 26%**
17 **month-over-month**, and that means in the last twelve months, we are sixteen times bigger than we
18 were twelve months ago."

19 20. Entering 2014 the stage was set for Kalanick to kick Uber's growth ambitions into
20 overdrive. That year, Uber and Kalanick embarked on a widespread media and publicity campaign
21 designed to correspond with massive rounds of private investment. Uber touted itself as a
22 revolutionary logistics company that would usher in a global reordering of transportation and on-
23 demand services. The key to this revolutionary strategy was the Company's "culture" of innovation,
24 its "values" and "principles" of entrepreneurship, and its commitment to improving the lives of all
25 involved: riders, drivers and the local communities in which Uber operated. Uber wowed potential
26 investors and courted the media with tales of exponential growth, with gross bookings and net
27 revenue more than doubling year-over-year and a rapid global expansion that would ultimately see
28 the Company operating in more than 700 cities and more than 80 countries worldwide. The

1 Company emphasized its investments in next-generation technologies, most importantly self-driving
2 cars, as a way of driving its growth into the future. Throughout this period, Uber and Kalanick
3 claimed the Company's rapid growth adhered to legal and regulatory requirements, as well as the
4 Company's culture and ethical ethos.

5 21. Defendants' statements were made for the purpose of, and did, induce investors to
6 directly and indirectly invest billions of dollars in Uber. With the Uber narrative of exponential but
7 principled growth firmly planted in the public imagination by defendants, beginning in 2014 Uber
8 and Kalanick ramped up their media and mass marketing campaign in order to induce billions of
9 dollars of new funding from investors. Uber regularly informed investors of its business
10 performance each quarter via conference calls and issued a barrage of press releases and media
11 materials. Kalanick, meanwhile, made the rounds on the venture capital and startup circuits, posted
12 on his blogs and Uber's website, spoke at technology conferences, and sat for numerous interviews
13 with widely circulated publications and television stations in order to induce additional investment.

14 **Defendants Successfully Solicit Billions
15 of Dollars in Private Investment**

16 22. Prior to June 2014, Uber had successfully solicited more than \$400 million in private
17 investment. Early investors reportedly included Benchmark, a venture capital firm, TPG Equity
18 Partners, a private equity firm, and Google, the technology and search engine behemoth, among
19 others.

20 23. However, once Kalanick and Uber saturated the print, air and digital media space
21 with a narrative of hyperbolic growth spurred by the Company's innovative, responsible and
22 forward-looking culture, investments in the Company skyrocketed. Beginning in June 2014, Uber
23 began several private fundraising rounds in which it went from raising hundreds of millions of
24 dollars to raising multi-*billions* in new capital from investors, either directly or indirectly by way of
25 pass-through investment vehicles such as New Riders. Between August 2013 and June 2014, the
26 price at which the Company sold its shares increased by more than 300%, with its value reaching
27 \$18.2 billion. The price at which Uber was selling its shares more than tripled from this already
28 substantial pricing in 2014 to a staggering valuation of *\$68 billion* by mid-2016, or \$48.77 per share,

1 making Uber the most valuable private technology startup. In a span of just two years, the Company
2 raised more than **\$10 billion** from plaintiff and the Class to fuel its epic growth. The following table
3 summarizes the sale of Uber securities:

4 First Sale Date	Securities	Amount Sold	Price Per Share	Valuation
5 December 2015	Series G Preferred Stock	At least \$5.6 billion	\$48.772	\$68 billion
6 May 2015	Series F Preferred Stock	\$1.0 billion	\$39.638	\$51 billion
7 December 2014	Series E Preferred Stock	\$2.8 billion	\$33.318	\$42 billion
8 June 2014	Series D Preferred Stock	\$1.3 billion	\$15.513	\$18.2 billion

9 **Defendants' False and Misleading Statements**
10 **About Uber's Rapid Growth and Revenues**

11 24. Defendants provided false and misleading statements regarding Uber's growth and
12 revenues to investors. For 2012, 2013 and 2014, defendants told investors that Uber generated net
13 revenues of approximately \$16 million, \$210 million and \$495 million, respectively.¹ However,
14 Kalanick and Uber failed to disclose that, in order to show strong short-term growth, the Company
15 was employing and plotting to employ a variety of illicit business tactics that threatened Uber's
16 business, reputation and long-term prospects. Kalanick and Uber misrepresented Uber's true
17 business prospects while omitting the fact that Uber's continued growth was built on a corporate
18 culture of dishonesty and illegality. Prior to Uber's June 2014 financing round, defendants made a
19 series of statements that laid the groundwork to induce the purchase of Uber securities, including:

- 20 • "We **grow 26% month-over-month** on average compounded. That means we are
21 sixteen times larger today than we were exactly a year ago." Kalanick's interview on
22 Bloomberg Television, July 5, 2012.
- 23 • "We've had 26 percent month-over-month growth over the past 12 months – that's in
24 revenue. **From day one we were making money.**" August 13, 2012 *Bloomberg*
25 *Businessweek* interview.
- 26 • "We're doing 26 percent month-over-month growth, that's an average over the last
27 now 16, 17 months. You go okay, well, if you start really low and you can grow
28 really big. But we were pretty big twelve months ago and if you do 26 percent
month-over-month growth that means in 12 months you're 16 times bigger than you
were 12 months ago **so we're growing fast.** And in fact September over August was

¹ *Bloomberg*, Dec. 11, 2013, June 2, 2016; *Silicon Valley Business Journal*, Jan. 22, 2016.

1 29 percent month-over-month.” October 20, 2012 Kalanick speech at Y Combinator
2 Startup School.

- 3 • **“The startup has grown seven times its size over the past year**, or an average
4 compounded 18 percent increase in revenue each month for the past year.”
Kalanick’s July 30, 2013 *Bloomberg* interview.

5 25. These statements remained alive in the market for Uber securities and uncorrected at
6 the start of the Class Period. Defendants ramped up the rhetoric as they sought to induce billions of
7 additional investment beginning in mid-2014. For example, following the June 6, 2014 Series D
8 fundraising round (“June 6, 2014 Issuance”), Kalanick and Uber continued to tout the Company’s
9 revenues and growth rate, and Uber boasted net revenues of \$495 million, \$2 billion, \$6.5 billion and
10 \$3.3 billion for 2014, 2015, 2016 and the first half of 2017, respectively.² As Kalanick put it, Uber’s
11 business was going **“gangbusters.”**³ When asked right before the June 6, 2014 Issuance how Uber
12 could get to \$18.2 billion valuation, Kalanick emphasized the Company’s revenue growth rate:
13 “Again, it comes down to, the size we’re at, and the fact that we’re growing faster this year than last
14 year at this size, is **mostly unprecedented. It’s incredibly rare.** . . . We’re at least doubling every
15 six months. **It’s probably more robust than that**, but that’s good enough That’s revenue.”⁴
16 Similarly, on December 4, 2014, during the Series E fundraising round, Kalanick blogged “[w]e are
17 6 times bigger today than 12 months ago – and grew faster this year than last **This kind of**
18 **continued growth requires investment.**”⁵ Kalanick’s efforts were successful in attracting investors,
19 as Uber’s head of global communication Nairi Hourdajian admitted: “The participation we have seen
20 in Uber’s Series E underscores the confidence investors have in Uber’s growth.”⁶

21 _____
22 ² *Reuters*, Aug. 20, 2015; *Silicon Valley Business Journal*, Jan. 22, 2016; *Bloomberg*, Apr. 17,
2017, Aug. 25, 2017.

23 ³ *Uber CEO Kalanick: Our Valuation Is \$18.2 Billion*, YouTube (July 17, 2014), [https://](https://www.youtube.com/watch?v=VcD6oY3pLlk)
24 www.youtube.com/watch?v=VcD6oY3pLlk.

25 ⁴ *Uber CEO Travis Kalanick, We’re Doubling Revenue Every Six Months*, *Wall St. J.*, June 5,
2014.

26 ⁵ Kalanick’s Blog, “The Ride Ahead” (Dec. 4, 2014), *available at* [https://newsroom.uber.com/the-](https://newsroom.uber.com/the-ride-ahead)
27 [ride-ahead](https://newsroom.uber.com/the-ride-ahead).

28 ⁶ *Uber Seeking Out Another US\$1 billion in New Funding Round*, *Bloomberg*, Feb. 18, 2015.

1 26. Defendants’ emphasis of Uber’s meteoric growth rate also included:

- 2 • “Today Uber Technologies, Inc., reported the unprecedented jobs impact of its
3 platform: at its current rate, *the Uber platform is generating 20,000 new driver jobs
every month.*”

4 * * *

5 “*The Uber platform generates \$2.8 billion per year for the U.S. economy and is
growing.*”

6 * * *

7 “*Uber is Available to 137,451,768 Americans with an Average Pickup Time of Less
8 Than 10 Minutes – That’s 43 Percent of the U.S. Population Covered in Just Four
Years.*” *Business Wire*, May 27, 2014.

- 9 • Kalanick’s interview with *Bloomberg Businessweek* on June 6, 2014, where he stated:
10 “We just turned four years old this week. *The growth is remarkable* We are now
11 in 128 cities, probably closing in on 40 countries if we are not there already.” When
12 asked to explain Uber’s valuation, he stated “[i]t comes down to our revenue numbers,
the growth of those numbers and our business model itself. . . . *The [numbers] are
incredibly compelling.*”

- 13 • Kalanick’s interview posted by *Bloomberg* on July 17, 2014, in which he reiterated
14 the growth of Uber’s business, saying “[w]e see a huge amount of growth,” “[o]ur
business is growing real fast” and “[b]usiness is going gangbusters.”⁷

- 15 • Kalanick speaking at the IoD Annual Convention on October 3, 2014: “We’ve just
16 seen *incredible growth* over a very short period of time.”

- 17 • Kalanick’s blog on Uber’s website on December 4, 2014: “2014 has been a year of
18 tremendous growth for Uber. It was just a year ago that Uber was operating in 60
19 cities and 21 countries – today we are in over 250 cities in 50 countries. We are 6
20 times bigger today than 12 months ago – and grew faster this year than last. *This
progress is remarkable, but it is in the coming years that Uber truly scales and the
impact in cities becomes visible.*”

- 21 • Kalanick’s January 18, 2015 statement during the DLD-Conference: “We want to
22 make 2015 the year where we establish a new partnership with EU cities where we
23 push for progressive regulations that ensure innovation and help build the smart cities
24 of tomorrow, some of which I’ve outlined earlier. Where we promote core city
25 functions through partnerships on data and technology. And where we provide
26 massive economic benefit to cities and their economies. What does this mean at the
end of 2015? It means if we can make these partnerships happen we create 50,000
new EU jobs. And remember that’s for 2015. That’s in one year. And *this is an
exponentially growing company with operations that exponentially grow in each of
the cities.* So what happens when that triples the year after and doubles the year after

27 ⁷ *Uber CEO Kalanick: Our Valuation Is \$18.2 Billion*, YouTube (July 17, 2014), [https://](https://www.youtube.com/watch?v=VcD6oY3pLlk)
28 www.youtube.com/watch?v=VcD6oY3pLlk.

1 that? It becomes a huge job generator.” DLD-Conference in Munich, YouTube (Jan.
2 18, 2015), <https://www.youtube.com/watch?v=gS6OsUaHCi4>.

- 3 • Senior Vice President of Policy and Strategy David Plouffe’s February 2, 2015
4 statement in an interview published by *The New York Times*: “**Uber is growing every**
5 **month**, and is becoming a bigger part of not just cities and transportation systems,
6 but of the whole economy We’re likely to be one of the biggest job-producing
7 companies for the economy over the coming years.”
- 8 • Uber’s statement in *The Wall Street Journal*, August 8, 2016: “In the first six months
9 of this year, Uber said it completed a billion rides, **doubling its lifetime total to two**
10 **billion** since March 2009. . . . Uber touts a recent Pew finding that 15% of
11 Americans have used either Uber or rival Lyft Inc., suggesting both companies have
12 much room to grow.”
- 13 • Rachel Holt, Head of U.S. and Canada Operations, hosted a conference call on
14 March 21, 2017 as reported by *Fortune*: “In fact, in our most mature country, **we’ve**
15 **grown faster** in the first 10 weeks of 2017 than in the first 10 weeks of 2016.”
- 16 • Uber spokesman’s statement to *The New York Times* on May 31, 2017: When
17 announcing first quarter revenue of \$3.4 billion, Uber stated “[t]hese results
18 demonstrate that **our business remains healthy and resilient** as we focus on
19 improving our culture, management and relationship with drivers.”

20 27. Defendants Uber and Kalanick knew or had reason to believe that the statements in
21 ¶¶25-26 misrepresented material facts and/or omitted material facts necessary to make the statements
22 made, at the time made and in light of the circumstances under which they were made, not
23 misleading. Defendants failed to disclose that Uber’s results and growth had been artificially
24 inflated by illicit conduct, and that as a result of defendants’ illicit conduct Uber’s prospects were
25 subject to numerous material undisclosed legal, reputational and operational risks, including:

26 (a) As set forth in ¶¶61-69, *infra*, in order to fuel Uber’s rapid expansion,
27 defendants developed and utilized a covert surveillance program code-named “Greyball” which was
28 designed to and did target, monitor and then evade government officials in jurisdictions around the
29 world in which Uber services were illegal or challenged by authorities.

30 (i) Beginning at least as early as 2014, Uber used Greyball to expand its
31 low-cost UberX services into new cities, which often contravened local regulations because of its
32 less stringent driver and car requirements than were in place for its black car service. Uber used data
33 collected from the Uber app and other techniques to identify and circumvent officials who were

1 trying to enforce rules governing Uber’s ride-hailing service in cities including Portland, Boston,
2 Paris and Las Vegas, and in countries including Australia, China and South Korea.

3 (ii) Upon entering a new city, Uber appointed a general manager to head
4 the Company’s Greyball operations. Uber used at least a dozen technologies and techniques to
5 identify and clandestinely monitor enforcement officers, including using credit card information to
6 determine whether the card was tied directly to an institution such as a police credit union. Once
7 identified, government officials were tagged with a small piece of code that read “Greyball” and
8 provided a dummy version of the app. This dummy version would mimic the real Uber app, but
9 allowed the Company to populate the screen with fictitious cars or show that no cars were available
10 in order to allow Uber drivers to evade detection.

11 (iii) Once the Greyball tool was put in place and tested, Uber engineers
12 compiled a playbook with a list of tactics and distributed it to general managers in more than a dozen
13 countries on five continents. Greyball was an official Company-sponsored program, developed and
14 operated by at least 50 Uber employees and approved by Uber’s central office and highest
15 executives.

16 (iv) Ultimately, Uber was forced to confirm the existence of its secret
17 monitoring of government and law enforcement officers and that Greyball had been used to target
18 government officials. The U.S. Attorney’s Office for the Northern District of California has
19 reportedly opened a criminal probe into the Company’s use of the Greyball program, and the FBI has
20 issued subpoenas to public officials in Portland, Philadelphia and Austin in connection with that
21 investigation.

22 (b) As set forth in ¶¶70-72, *infra*, between 2014 and the early part of 2016 Uber
23 used a secret program code-named “Hell” to monitor and steal driver and rider data from its main
24 competitor, Lyft, unlawfully undercutting Lyft’s growth and operations, and stifling competition.
25 For example:

26 (i) Uber used “spoofed” (*i.e.*, fake) Lyft accounts to obtain information on
27 Lyft’s drivers in cities where the companies were competing and clandestinely track Lyft drivers.
28 The Hell program allowed Uber to engage in anticompetitive conduct, including tracking how many

1 Lyft drivers were available for new rides and where they were, and identifying which of the tracked
2 drivers were driving for both Lyft and Uber, providing an illegal advantage in a business where
3 finding enough people to drive is a top operational challenge. Armed with data about when and
4 where Lyft's drivers were operating, Uber used various techniques to induce them to work only for
5 Uber instead. The program was referred to as "Hell" because it paralleled Uber's dashboard of Uber
6 drivers and riders known as "God View," or "Heaven."

7 (ii) Defendants knew the "Hell" program (a product of the Company's
8 competitive intelligence group) was anticompetitive and illegal and thus kept its existence hidden
9 from all but a small group of Uber employees, which included Kalanick. This small group had
10 special access to a room at Uber's headquarters in San Francisco, where the intelligence
11 clandestinely obtained on Lyft's drivers was collected via computers that had the spoof accounts.

12 (iii) Uber has confirmed the Hell program's existence, and in September
13 2017 it was reported that the Company is under investigation by the FBI and the U.S. Attorney's
14 Office for the Southern District of New York for illegally thwarting competition and violating
15 computer access laws.

16 (c) As set forth in ¶¶49-60, *infra*, Uber's growth strategy was dependent on a
17 scheme to secretly misappropriate technology from Google's self-driving car affiliate Waymo
18 instead of developing its own.

19 (i) By the summer of 2015, Anthony Levandowski ("Levandowski"), a
20 manager at Waymo, had begun to devise a scheme to steal Waymo's self-driving car technologies.
21 Public filings in Waymo's lawsuit against Uber suggest that Uber and Levandowski began
22 discussing certain technical matters as early as May 2015, that Levandowski met with Uber
23 representatives five times between October 2015 and December 11, 2015, and that Kalanick
24 suggested that Levandowski should create a company for Uber to acquire.

25 (ii) By the end of 2015, Levandowski had registered an internet domain
26 for his new startup, secretly downloaded 14,000 Waymo proprietary files and other highly sensitive
27 data, and attempted to erase any evidence of his actions. On January 15, 2016, the day after he
28 attended a high-level executive meeting at Uber, Levandowski formed Ottomotto LLC ("Otto"). In

1 August 2016, Uber acquired Otto and its “in-house” LiDAR system, a proprietary laser system
2 critical to the development of self-driving cars. In a March 2017 deposition, Levandowski refused to
3 testify about documents in his possession, citing his Fifth Amendment right against self-
4 incrimination.

5 (iii) In a May 2017 order, Judge William Alsup found that Waymo had
6 presented evidence that Levandowski had downloaded proprietary Waymo files before resigning,
7 that Uber had planned to acquire Otto and hire Levandowski as the head of its self-driving car
8 technologies, that Uber had specifically prepared for litigation with Waymo in connection with its
9 acquisition of Otto, and that the evidence indicated that Uber had acquired Otto with reason to
10 believe that Levandowski had taken confidential trade secrets from Waymo. The Court
11 provisionally enjoined Uber from using any documents Levandowski downloaded from Waymo,
12 prohibited Levandowski from working on LiDAR systems at Uber, and required Uber to conduct an
13 investigation and accounting of Levandowski’s activities. Judge Alsup also referred the matter to
14 the U.S. Attorney’s Office for investigation of possible theft of trade secrets from Waymo.
15 Levandowski was subsequently fired from Uber after refusing to assist the Company in its internal
16 investigation.

17 (d) As set forth in ¶¶88-94, *infra*, Uber’s rapid international expansion was aided
18 by violations of foreign law.

19 (i) As part of its expansion into South Korea, Uber was using private
20 vehicles for commercial purposes in violation of South Korean law since at least June 2013. Uber
21 had expanded into Europe by disregarding local laws and regulations in France and other countries
22 where, since at least February 2014, it was operating in contravention of local transportation laws
23 and failed to comply with European transportation rules and should have been regulated as a taxi
24 service. As a result, certain of Uber’s low-cost services were subject to being banned in those
25 countries as illegal. In South Korea, France, and several other international jurisdictions Uber had
26 been using Greyball to evade authorities.

27 (ii) Uber knowingly leased recalled and unsafe vehicles to its drivers in
28 Singapore and continued to do so even after one of its vehicles caught fire. On August 3, 2017, *The*

1 *Wall Street Journal* reported that Uber had intentionally leased out unsafe Honda SUVs subject to a
2 recall to its drivers in Singapore in order to chase breakneck growth. After Uber expanded into
3 Singapore in 2013, Uber created a unit that would rent Uber-purchased vehicles to drivers for a daily
4 rate. In early 2016, Kalanick approved a plan to buy thousands of new cars from auto importers, a
5 legal channel outside manufacturers' authorized networks where safety, service and legal contracts
6 are difficult to enforce, allowing the Company to pay less for the vehicles than it otherwise would
7 have paid. On April 4, 2016, Honda issued a recall for the SUVs Uber had purchased, advising
8 owners to have them serviced as quickly as possible as the vehicles were prone to overheating.
9 Despite being aware of the recall and safety issue, Uber knowingly purchased over 1,000 of the
10 defective vehicles and continued to rent them out in disregard for the safety of Uber drivers and their
11 riders. Even after an Uber driver reported that his Company-supplied Honda Vezel had caught on
12 fire and after Company executives, including those in San Francisco, were informed of the fire, Uber
13 decided to keep the cars in service so as not to lose revenues or "alarm" drivers. Uber failed to
14 apprise its drivers and passengers of the true risks to their safety and well-being from the defective
15 cars, instead developing an information campaign designed to limit any negative publicity that may
16 result from the fire and Uber's actions.

17 (iii) Uber managers had violated the FCPA (which bans the use of bribes to
18 foreign officials to obtain or keep business), calling into question the legality of the Company's
19 entire international operations, which misconduct was revealed when it was reported on August 29,
20 2017 that the DOJ has taken preliminary steps to investigate it.

21 (iv) In London, Uber had failed to: (i) properly report serious criminal
22 offenses; (ii) cooperate with authorities investigating the Company's illicit use of the Greyball tool;
23 and (iii) conduct proper driver background checks, exposing the Company to the risk that its license
24 would not be renewed in one of its largest and most important international locations. On September
25 22, 2017, London's transport authority found that Uber "is not fit and proper to hold a private hire
26 operator licence [sic]" as a result of its demonstrated "lack of corporate responsibility" and declined
27 to renew the Company's license. London reportedly accounts for about 5% of Uber's global active
28

1 user base of 65 million, and nearly a third of its active user base of 11 million in Europe, casting
2 further doubt on the Company’s global growth prospects.

3 (e) Uber also faced undisclosed material legal and reputational risks arising out of
4 attempts by high-level Uber executives to discredit a sexual assault victim and their fostering of a
5 hidden culture of institutionalized sexual harassment and discrimination.

6 (i) As set forth in ¶¶95-100, *infra*, in 2014 defendants illicitly obtained a
7 passenger’s medical records for the purpose of discrediting her claim that she had been sexually
8 assaulted by an Uber driver on a ride. Uber senior executive Eric Alexander (“Alexander”) brought
9 the medical files to the attention of Kalanick and other executives. Kalanick reportedly reviewed the
10 medical report and discussed it at length with Alexander. Uber executives then discussed the claim
11 that the victim had fabricated the whole incident in order to bolster Uber’s rival in India – and did so
12 even though none of the executives had medical training and the perpetrator had already been
13 convicted of rape and sentenced to life in prison. Alexander reportedly carried around the victim’s
14 medical files for months without her knowledge. The victim has sued Uber for unlawful intrusion of
15 private affairs, the public disclosure of private facts and defamation.

16 (ii) As set forth in ¶¶73-87, *infra*, on February 19, 2017, former Uber
17 engineer Susan Fowler (“Fowler”) published a blog post detailing widespread harassment,
18 discrimination and retaliation during her employment at Uber, and laying bare the Company’s then-
19 existing policies and procedures. The revelations sparked a publicity crisis for the Company, which
20 quickly led to an investigation by Holder and his colleagues at Covington & Burling LLP
21 (“Covington”) of: (a) Uber’s workplace environment; (b) the sufficiency of Uber’s policies and
22 practices to address discrimination, harassment and retaliation in the workplace; and (c) the steps
23 Uber could take to enhance the Company’s practices with respect to establishing a diverse and
24 inclusive workplace so that they matched Uber’s stated policies. The investigation resulted in a
25 series of recommendations that Uber enact sweeping changes to its business practices, management
26 and culture. The first recommendation was to “review and reallocate the responsibilities of Travis
27 Kalanick.” On February 22, 2017, *The New York Times* reported that interviews with more than 30
28 current and former Uber employees, and a review of internal documents and recordings, revealed an

1 “unrestrained workplace culture,” including incidents of groping, “homophobic slur[s]” and threats.
2 *The New York Times* detailed evidence that complaints were raised to Kalanick and other senior
3 Uber executives. Because of the breadth and seriousness of the misconduct, Uber attempted to clean
4 house in connection with the investigation, firing at least 20 employees for misconduct (including
5 senior executive Alexander) and subjecting dozens of others to prolonged investigations or
6 disciplinary actions. Another top executive, Emil Michael, resigned.

7 **Defendants’ False and Misleading Statements About Uber’s** 8 **Compliance with Applicable Laws and Regulations**

9 28. Defendants claimed that Uber was committed to complying with all applicable rules
10 and regulations in growing its business, while concealing Uber’s institutionalized practice of flouting
11 rules whenever necessary in order to gain a competitive advantage. In addition, when critics
12 questioned the legality of its novel service, Uber responded with false assurances of its knowledge
13 of, and adherence to, all applicable legal requirements. For instance, on September 12, 2012, during
14 a Disrupt conference hosted by TechCrunch, Kalanick defended the legality of Uber’s practices in
15 response to an interviewer question: “*Hold on . . . I do pay attention to the rules.*” He explained
16 Uber’s practice of first checking the regulations before entering a new market: “*you go in, you look*
17 *at the rules, and then you roll out your business.*”⁸ Leading up to the June 6, 2014 Issuance,
18 defendants made a number of additional statements representing that Uber complied with all
19 applicable laws and regulations, including for example:

- 20 • On September 12, 2012, during an interview at the Disrupt conference, Kalanick
21 continued to insist Uber operated lawfully: “[Q.] Are you legal? [A.] *We are legal,*
22 *we are legal.* [Q.] According to you or according to the Taxi and Limo
23 Commission? [A.] *According to the law.*” *Travis Kalanick Onstage at Disrupt,*
24 YouTube (Sept. 12, 2012), <https://www.youtube.com/watch?v=O7iokgEsWcM>.
- 25 • On October 20, 2012, Kalanick stated: “In DC we had a really interesting situation.
26 We went there, by the way, we were *as far as we could tell we were totally legal,*
27 *White Glove legal.*” *Travis Kalanick at Startup School 2012,* YouTube (Oct. 20,
28 2012), https://www.youtube.com/watch?v=rQ6GoY2_Ujw.

27 ⁸ TechCrunch, *Travis Kalanick Onstage at Disrupt*, YouTube (Sept. 12, 2012), [https://](https://www.youtube.com/watch?v=O7iokgEsWcM)
28 www.youtube.com/watch?v=O7iokgEsWcM.

- On January 22, 2013, Kalanick stated: “We go to cities sometimes where the regulators and the city councils you know give us a little flack at the beginning. **We go in when we’re legal. We do.**” *Travis Cordell Kalanick, Uber CEO Part 1*, YouTube (Jan. 22, 2013), https://www.youtube.com/watch?v=_uuTW2LidpU.

29. These statements remained alive in the market for Uber securities and uncorrected at the start of the Class Period. Later, during an interview with *Fortune Magazine* on June 14, 2013, Kalanick claimed he actually *preferred* jurisdictions with “a clear set of rules,” because they avoided “regulatory ambiguity” that made it “very hard for a real company to operate.”⁹ During an interview at the Brainstorm Tech conference on July 23, 2013, an interviewer expressed concern about Uber drivers’ ability to “game the system” and induce surge pricing by avoiding popular areas. Kalanick again referenced Uber’s faithful obedience to the rules. He told the interviewer that Uber would “**make sure that that doesn’t happen**” because “**it goes against the DNA of our company**” and “marketplaces don’t work when people are cheating.”¹⁰ During the same speech, Kalanick unambiguously stated: “**We go into cities where we’re legal; we operate where we’re legal.**”¹¹ Likewise, in an August 2013 interview with *Forbes*, Kalanick again confirmed, “**we make sure [when] we go into cities we’re legal.**”¹²

30. Following the June 6, 2014 Issuance, defendants continued to portray Uber as operating within legal bounds as it accelerated its rapid expansion. For example, in October 2014, after Uber had grown into one of the largest private companies in history, Kalanick told investors that Uber’s solid foundation would allow it to operate more conservatively, with strict adherence to applicable laws. He explained, “when you’re the small underdog I think you can be a little more

⁹ *Fortune Magazine, The Future Model of Transportation*, YouTube (June 14, 2013), <https://www.youtube.com/watch?v=Edob6hpJBQY>.

¹⁰ *Fortune Magazine, Travis Kalanick CEO of Uber Technologies Speaks at Brainstorm Tech 2013*, YouTube (July 23, 2013), <https://www.youtube.com/watch?v=vGbuitwkZiM&t=40s>.

¹¹ *Id.*

¹² *Travis Kalanick, Uber, speaking at the IoD Annual Convention 2014*, YouTube (Aug. 9, 2013), https://www.youtube.com/watch?v=Vi_AiIQolJ8.

1 brash than . . . when you are the big guy.”¹³ In October 2014, Kalanick claimed the Company had
2 engaged with municipalities to ensure Uber understood their expectations: “**We work with**
3 **regulators and cities to make things work.**”¹⁴ On June 3, 2015, he stressed Uber’s commitment to
4 compliance, claiming “**whenever we’re asked to abide by modern regulations that protect the rights**
5 **and safety of passengers and drivers, we do.**”¹⁵

6 31. Uber went out of its way to assure the market that it played fair and by the rules,
7 particularly with respect to its main competitor, Lyft. When Lyft alleged in August 2014 that Uber
8 had attempted to frustrate its business by booking and cancelling rides, Uber immediately denied the
9 allegations.¹⁶ Throughout Uber’s solicitation efforts, Kalanick made numerous additional
10 representations that Uber complied with the law. For example:

- 11 • On July 12, 2014, Uber issued a statement claiming “[w]e’ve been working in good
12 **faith with regulators** to modernize laws and to find a permanent home for Uber in
13 cities around the world.” Tom Fontaine, *Despite challenges, ridesharing operations*
flourish, Pitt. Trib. Rev., July 12, 2014.
- 14 • On December 14, 2014, the *Washington Post* quoted David Plouffe, Uber’s
15 “campaign manager” as saying “the Company has aimed to ‘**work with regulators,**
work with elected officials, to find a way forward’ in dealing with laws.”
- 16 • On December 15, 2016, when discussing the future of driverless cabs in San
17 Francisco, Kalanick said the Company is “**following all the rules.**” He added, “often
18 regulators feel like they want to get their arms around it. We are following the rules
19 but they are still sort of getting up to speed in adapting to the change.” NDTV, *Uber*
CEO Says Demonetisation Is Beneficial and Surge Pricing Is Vital, Dec. 16, 2016.

20 32. Defendants Uber and Kalanick knew or had reason to believe that the statements in
21 ¶¶29-31 misrepresented material facts and/or omitted material facts necessary to make the statements
22 made, at the time made and in light of the circumstances under which they were made, not
23 misleading. Defendants failed to disclose that Uber’s results and record growth had been artificially

24 ¹³ *Travis Kalanick, Uber, speaking at the IoD Annual Convention 2014*, YouTube (Oct. 3, 2014),
https://www.youtube.com/watch?v=Vi_AiIQoIj8.

25 ¹⁴ BBC News, Oct. 3, 2014.

26 ¹⁵ *5-Year Anniversary Remarks from Uber CEO Travis Kalanick*, YouTube (June 3, 2015), [https://](https://www.youtube.com/watch?v=idjrrouG_8vY)
27 www.youtube.com/watch?v=idjrrouG_8vY.

28 ¹⁶ *Plouffe at Uber: Tough start*, Politico.com, Aug. 26, 2014.

1 inflated by illicit conduct, and that as a result of defendants’ illicit conduct Uber’s prospects were
2 subject to numerous material undisclosed legal, reputational and operational risks, including:

3 (a) As set forth in ¶¶49-60, *infra*, Uber’s growth strategy was dependent on a
4 scheme to secretly misappropriate technology from a competitor, Google’s self-driving car affiliate
5 Waymo, instead of developing its own.

6 (b) As set forth in ¶¶61-69, *infra*, in order to fuel Uber’s rapid expansion,
7 defendants, beginning at least as early as 2014, developed and utilized a covert program code-named
8 “Greyball” designed to surveil and then evade government officials in jurisdictions around the world
9 in which Uber services were illegal or had been resisted by authorities.

10 (c) As set forth in ¶¶70-72, *infra*, between 2014 and the early part of 2016 Uber
11 used a secret program code-named “Hell” to steal driver and rider data from its main competitor,
12 Lyft, unfairly undercutting Lyft’s growth and operations, and stifling competition.

13 (d) As set forth in ¶¶88-94, *infra*, defendants knew or recklessly disregarded that
14 Uber’s rapid international expansion was aided by violations of foreign law.

15 **Defendants’ False and Misleading Statements**
16 **About Uber’s Focus on Innovation and**
17 **Development of Self-Driving Car Technologies**

18 33. Prior to and during the Class Period, Uber sought to increase investment by touting its
19 focus on progressive technology and cutting-edge innovation, claiming they formed the foundation
20 that would sustain the Company’s rapid growth rate for years into the future. Defendants repeatedly
21 described Uber as an “innovative” company infused with “creative problem-solvers” working to
22 better the world, and Kalanick framed Uber as a company with a passion for taking on tough
23 technological challenges.¹⁷

24 34. According to defendants, Uber’s development and advancement of self-driving car
25 technologies was particularly crucial to its success. Early on, Kalanick suggested that the
26 Company’s penchant for innovation meant it needed to be at the vanguard in the development of

27 ¹⁷ See, e.g., *Travis Kalanick Onstage at Disrupt*, YouTube (Sept. 12, 2012), <https://www.youtube.com/watch?v=O7iokgEsWcM>; *Fireside Chat with Travis Kalanick and Marc Benioff*,
28 YouTube (Sept. 16, 2015), <https://www.youtube.com/watch?v=Zt8L8WSSr1g&t=61s>.

1 self-driving car technologies. For example, in an article posted on May 28, 2014, CNBC quoted
2 Kalanick saying that autonomous vehicles were “the way the world is going.”¹⁸ Autonomous
3 vehicles represented Uber’s most revolutionary innovation and – according to Kalanick – an
4 “*existential*” requirement for the Company’s continued success.¹⁹

5 35. To position itself as an apparent leader in the development of self-driving car
6 technologies, on February 2, 2015, Uber announced “a strategic partnership” with Carnegie Mellon
7 University that included the creation of the Uber Advanced Technologies Center in Pittsburgh. Uber
8 claimed the research center would focus “*primarily in the areas of mapping and vehicle safety and*
9 *autonomy technology.*”²⁰ The following day, CNBC celebrated the partnership as “a move analysts
10 believe could eventually mean driverless cars.”

11 36. Uber made a concerted effort to portray itself as the equal of other tech companies,
12 such as Google and its affiliate Waymo, who were also racing to develop driverless car technologies.
13 In a *New York Times* article published on February 9, 2015, Nairi Hourdajian, an Uber
14 spokeswoman, stated, ““Uber has a strong relationship with Google” and ““look[s] forward to
15 continuing our collaborative dialogue with Google about the future of our partnership in the years to
16 come.””²¹ On March 6, 2015, Raj Rajkumar, one of the leading experts on self-driving cars at
17 Carnegie Mellon University, claimed Uber’s ability to innovate offset Google’s superior resources
18 and data. He stated, “Google is capable of collecting all this information. In our case, we don’t have
19 that capability, *so we have to be creative. It turns out that’s sufficient.*”²²

20 37. In August 2015, after Uber opened its research center in Pittsburgh, the Company
21 announced that it had entered into a partnership with the University of Arizona “focuse[d] on

22 ¹⁸ CNBC, *Uber CEO Self-Driving Cars Are the Future, Drivers Are Not*, May 28, 2014.

23 ¹⁹ *Uber Bringing Self-Driving Volvos To Pittsburgh Soon*, MediaPost.com, Aug. 19, 2016.

24 ²⁰ *Uber and CMU Announce Strategic Partnership and Advanced Technologies Center*, Uber Blog
25 (Feb. 2, 2015), <https://www.uber.com/blog/uber-and-cmu-announce-strategic-partnership-and-advanced-technologies-center>.

26 ²¹ Mike Isaac, *A Prickly Partnership*, N.Y. Times, Feb. 9, 2015.

27 ²² Alexi Oreskovic, *Silicon Valley debate on self-driving cars: do you need a map?*, Reuters,
28 Mar. 6, 2015.

1 research and development in the optics space for mapping and safety.”²³ The partnership reaffirmed
2 to investors that Uber planned to be a leader in developing its own self-driving technology. Brian
3 McClendon, Uber vice president of advanced technologies, described the innovations that Uber was
4 working to develop: “A lot of this is about lenses and the acquisition of imagery and in other cases
5 technologies like LiDAR (a remote-measurement technology using a laser) that scanning the world
6 around you in high resolution depends on.” He explained that the technology “get[s] detail like
7 street names, street address, or more importantly things like the depth of potholes, being able to read
8 the exact geometry of the world around you and determining if it is part of your environment or a
9 dynamic object that will be here today and gone tomorrow, and we need to know how to react to
10 that.” He concluded, “we’ll be working on this project for years.”²⁴ On September 17, 2015,
11 Kalanick described Uber as an “optimistic leader” that would help the world “transition” from cars
12 with drivers to driverless cars.²⁵

13 38. On February 23, 2016, Uber inflamed excitement further when it announced progress
14 toward autonomism. In an announcement on its website, Uber stated, “[t]he investments we’re
15 making in Pittsburgh today are key to the long-term future of transportation. Self-driving technology
16 has the potential to drastically cut down on accidents and congestion while making transportation
17 even more affordable and convenient for everyone.”²⁶ On May 19, 2016, Uber posted an update on
18 its blog. It stated, “[r]eal-world testing is critical to our efforts to develop self-driving technology. . .
19 . While Uber is still in the early days of our self-driving efforts, *every day of testing leads to*
20 *improvements*. Right now we’re focused on getting the technology right and ensuring it’s safe for
21 everyone on the road – pedestrians, cyclists and other drivers.” Uber stated that these innovations

23 ²³ *Driver Innovation in Arizona*, Uber Blog (Aug. 25, 2015), <https://www.uber.com/blog/tuscon/driving-innovation-in-arizona/>.

24 ²⁴ David Wichner, *UA, Uber team for driverless research; Optics program to aid in mapping*, Ariz. Daily Star, Aug. 25, 2015.

26 ²⁵ *Fireside Chat with Travis Kalanick and Marc Benioff*, YouTube (Sept. 17, 2015), <https://www.youtube.com/watch?v=Zt8L8WSSr1g&t=61s>.

28 ²⁶ *Growing in the Steel City*, Uber Blog (Feb. 23, 2016), <https://www.uber.com/blog/pittsburgh/growing-in-the-steel-city/>.

1 would “help[] us shape the future of transportation.” On August 1, 2016, Uber added to investor
2 enthusiasm when it announced it had “*built test models of self-driving cars, which we are currently*
3 *piloting in Pittsburgh.*” The next day, Uber stressed its independence from Google, saying it had
4 invested \$500 million to “*wean itself off dependence on Google Maps and pave the way for*
5 *driverless cars.*”²⁷

6 39. In August 2016, Uber acquired self-driving car startup, Otto. Rather than telling the
7 truth about how the acquisition helped Uber acquire stolen technology, Uber celebrated the deal as a
8 means to develop its own technology. Kalanick described Otto as “a 90-plus person technology
9 startup *whose mission is to rethink transportation, starting with self-driving trucks.*” Kalanick
10 went on to state that “[w]hen it comes to this advanced technology stack, *Otto plus* Uber is a dream
11 team. . . . Together, *we now have one of the strongest autonomous engineering groups in the*
12 *world.*”²⁸

13 40. Defendants Uber and Kalanick knew or had reason to believe that the statements in
14 ¶¶33-39 misrepresented material facts and/or omitted material facts necessary to make the statements
15 made, at the time made and in light of the circumstances under which they were made, not
16 misleading. As set forth in ¶¶49-60, *infra*, defendants knew or had reason to know but failed to
17 disclose that Uber’s self-driving car program was dependent on a scheme to secretly misappropriate
18 technology from Google’s self-driving car affiliate Waymo in order to maintain and increase its
19 competitive advantage, rather than simply rely on technological innovations or legitimate business
20 acquisitions.

21 **Defendants’ False and Misleading Statements** 22 **Regarding Uber’s Competition**

23 41. When Lyft arrived to market in 2012, Uber publicly welcomed the competitive
24 challenge. Behind the scenes, however, Uber plotted to undercut Lyft by any means possible,
25 regardless of legality. For example, at a Disrupt conference on September 12, 2012, Kalanick

26 ²⁷ *Uber to pour \$500m into global mapping project*, Prime-News, Aug. 2, 2016.

27 ²⁸ *Rethinking transportation*, Uber Blog (Aug. 18, 2016), <https://newsroom.uber.com/rethinking-transportation/>.

1 expressed excitement about the challenge of a new rival. He said, “competition is fun . . . *if there*
2 *wasn’t competition like what is the freakin’ purpose?* Let’s have some fun then let’s make the
3 world a better place at the same time.”²⁹ Uber and Kalanick repeated this pro-competition sentiment
4 throughout the period leading up to the June 2014 financing round, and their stance was well-
5 publicized. For instance, in response to a question about Lyft, Kalanick said he was not afraid of the
6 new company because, according to him, “*competition is good.*”³⁰

7 42. These statements remained alive in the market for Uber securities and uncorrected at
8 the start of the Class Period, and defendants repeated these pro-competitive sentiments in the months
9 leading up to the 2014 financing rounds. For example, on July 23, 2013, Kalanick argued for
10 relaxed competitive restrictions in various cities and accused the municipalities of “doing anti-
11 competitive things” that thwarted the free market.³¹ During this same conference, Kalanick
12 hypocritically accused Lyft – a company Uber would later illicitly attack with spyware – of illegal
13 activity. He claimed Lyft had engaged in “regulatory arbitrage” because it entered markets after
14 Uber had already established a presence in them. He went so far as to claim that “every trip” with
15 Lyft was “a criminal misdemeanor” because – according to Kalanick – Lyft’s drivers lacked the
16 proper insurance and licensure.³² By all appearances, Uber continued to welcome the “challenge” of
17 increased competition during the Class Period. For instance, in a *Wall Street Journal* article
18 published on August 11, 2014, Uber described how “competitive clones,” such as Lyft, create a
19 “*competitive spirit [that] is good for consumers and for the marketplace.*”³³ Kalanick continued to
20 relay this message on August 19, 2014, when he said, “*competition can be fun*” and “*at the end of*

21 ²⁹ TechCrunch, *Travis Kalanick Onstage at Disrupt*, YouTube (Sept. 12, 2012), [https://](https://www.youtube.com/watch?v=O7iokgEsWcM)
22 www.youtube.com/watch?v=O7iokgEsWcM.

23 ³⁰ Julie Bort, *Uber CEO: Bring On The Cheap Competition*, Bus. Insider, Sept. 12, 2012; *see also*
24 TechCrunch, *Travis Kalanick Onstage at Disrupt*, YouTube (Sept. 12, 2012), [https://](https://www.youtube.com/watch?v=O7iokgEsWcM)
www.youtube.com/watch?v=O7iokgEsWcM (same).

25 ³¹ Fortune Magazine, *Travis Kalanick CEO of Uber Technologies Speaks at Brainstorm Tech 2013*,
YouTube (July 23, 2013), <https://www.youtube.com/watch?v=vGbuitwkZiM&t=40s>.

26 ³² *Id.*

27 ³³ Douglas MacMillan, *Tech’s Fiercest Rivalry: Uber vs. Lyft; The Two Heavily Financed Upstarts*
28 *Also Aim to Supplant the Taxi Industry*, Wall St. J., Aug. 11, 2014, at B1.

1 *the day it's better for the consumer.*"³⁴ Kalanick repeatedly embraced competition throughout the

2 Class Period, stating:

- 3 • On January 18, 2015, Kalanick stated, "it is **important for a regulatory regime to also codify choice and competition choice.**" DLD Conference, *Uber and Europe: Partnering to Enable City Transformation I* (Travis Kalanick, CEO at Uber), YouTube (Jan. 18, 2015), <https://www.youtube.com/watch?v=iayagHygV0Q>.
- 4 • In an interview published on September 23, 2015, Kalanick stated, "[c]ompetition makes us better." ET Now, *In Conversation With Uber Inc's CEO – Travis Kalanick*, YouTube (Sept. 23, 2015), <https://www.youtube.com/watch?v=ByF2MVufBIU>.
- 5 • On April 27, 2016, Kalanick said "we've gotten into a situation where some of these **old rules have become protectionist and have essentially outlawed competition** and you know ultimately **those things need to need to change.**" CNBC, *Uber CEO Travis Kalanick On Making Ends Meet*, YouTube (Apr. 27, 2016), https://www.youtube.com/watch?v=VnH_7YDWGKE&t=36s.

6 43. Defendants Uber and Kalanick knew or had reason to believe the statements in ¶42
7 misrepresented material facts and/or omitted material facts necessary to make the statements made,
8 at the time made and in light of the circumstances under which they were made, not misleading.
9 Defendants failed to disclose that Uber's results and growth had been artificially inflated by illicit
10 conduct, and that as a result of defendants' illicit conduct Uber's prospects were subject to numerous
11 material undisclosed legal, reputational and operational risks, including:

12 (a) As set forth in ¶¶49-60, *infra*, Uber's growth strategy was dependent on a
13 scheme to secretly misappropriate technology from a competitor, Google's self-driving car affiliate
14 Waymo, instead of developing its own.

15 (b) As set forth in ¶¶61-69, *infra*, in order to fuel Uber's rapid expansion,
16 defendants, beginning at least as early as 2014, developed and utilized a covert program code-named
17 "Greyball" designed to surveil and then evade government officials in jurisdictions around the world
18 in which Uber services were illegal or had been resisted by authorities.

19 (c) As set forth in ¶¶70-72, *infra*, between 2014 and the early part of 2016 Uber
20 used a secret program code-named "Hell" to steal driver and rider data from its main competitor,
21 Lyft, unfairly undercutting Lyft's growth and operations, and stifling competition.

22 ³⁴ *Uber CEO Travis Kalanick and David Plouffe on Bloomberg TV*, CEO Wire, Aug. 19, 2014.

1 (d) As set forth in ¶¶88-94, *infra*, defendants knew or recklessly disregarded that
2 Uber’s rapid international expansion was aided by violations of foreign law.

3 **Defendants’ False and Misleading Statements**
4 **Regarding Uber’s Corporate Culture**

5 44. Prior to and during the Class Period, defendants portrayed Uber to potential investors
6 as honest and principled. For example, during his speech at the Tech Cocktail’s Startup Mixology
7 Conference in Washington, D.C. on June 16, 2011, Kalanick asserted that “*principles do matter* and
8 that’s how you change the world is by holding those principles over sometimes corrupt systems.” In
9 the same speech, he further proclaimed that “fak[ing] it til you make it” was “bullshit” because
10 “you’re lying to yourself and everybody around you” and “people who lie to themselves and other
11 people, it’s obvious to others.” Again, shortly before the June 6, 2014 Issuance, during an interview
12 with the *Financial Times* on May 9, 2014, Kalanick extolled Uber’s organizational honesty and
13 stated that “[w]e feel we are very honest and authentic, to the point of being brutally honest
14 Not everyone likes that style, and I get that, but *at least we’re trustworthy.*”

15 45. During the period when Uber was implementing its billion-dollar fundraising rounds,
16 defendants continued to place great emphasis on the Company’s “culture” and “principles”
17 as a cornerstone for its success. On December 4, 2014, Kalanick kicked off the Series E fundraising
18 round by stating in his blog that Uber would be refining its “company culture effectively.” Again,
19 on September 16, 2015, shortly before the Series G fundraising round, for the purpose of inducing
20 the purchase of Uber securities, Kalanick held up Uber’s corporate culture as principled and central
21 to its operations: “I don’t know how many companies and how many people go as deep as they need
22 to on culture. We’re in the process right now of creating essentially what I call a philosophy of
23 work. You know you spend half of your day working and it should matter. It should be more than
24 just work; *it should be something you believe in and how you do it should matter, the principles*
25 *and in how you approach your work should matter* . . . one of our cultural values is celebrate the
26 city right so that’s so perfect for us you really wouldn’t see that on any other company’s cultural
27 values but it matters to us.” In particular, defendants highlighted Uber’s commitment to women as
28

1 well as its purported commitment to “diversity, fairness and equality” as important aspects of the
2 Company’s culture.

3 46. Additional statements by Kalanick and Uber regarding the importance of Uber’s
4 workplace culture and its commitment to various stakeholders included:

- 5 • Salle Yoo, general counsel, in an interview with *Reuters* on March 10, 2015: when
6 asked by a journalist on why women might find working for Uber attractive, Yoo
7 responded that Uber “*offers [women] the chance to be entrepreneurial*, the chance
8 to balance work and family.”
- 9 • Kalanick’s joint statement with UN Women’s executive director on March 10, 2015:
10 “Today, UN Women and Uber are launching a partnership to work together around
11 the world toward *a shared vision of equality and women’s empowerment*. . . . This
12 important mission can only be accomplished when all women have direct access to
13 *safe and equitable* earning opportunities.”
- 14 • Uber’s July 27, 2015 press release: “*For many women, Uber is a flexible, equitable*
15 *opportunity* that not only gives them control over their schedules and supplements
16 income, but also helps them pursue their passions.”
- 17 • Ryan Graves, Uber’s Executive Sponsor, in a press release on September 3, 2015:
18 “*Uber’s leadership is a strong example of innovation stemming from the creation*
19 *of more diverse and inclusive environments*.”
- 20 • Rachel Holt, Head of American Operations, in a statement published by *HuffPost* on
21 October 31, 2016: “*Discrimination has no place in society, and no place on Uber*.”

22 47. Defendants Uber and Kalanick knew or had reason to believe that the statements in
23 ¶¶44-46 misrepresented material facts and/or omitted material facts necessary to make the statements
24 made, at the time made and in light of the circumstances under which they were made, not
25 misleading. Defendants failed to disclose that Uber and Kalanick had encouraged and fostered a
26 toxic corporate culture defined by misogyny, gender discrimination, sexual harassment, and a
27 flagrant disregard for the law, that would cause immense damage to the Company’s reputation,
28 brand, and ability to attract and retain qualified employees, customers and drivers once its true nature
became publicly known. In particular:

(a) As set forth in ¶¶73-87, *infra*, Uber institutionalized gender discrimination and
the harassment of women, causing an 80% decline in female employees in certain operations from
November 2015 to December 2016; maintained completely ineffective internal complaint policies

1 and procedures to prevent employee misconduct; and sponsored a Company trip to a female escort
2 bar.

3 (b) As set forth in ¶¶95-100, *infra*, Uber executives had illicitly obtained a sexual
4 assault victim’s medical records in order to discredit her traumatic experience.

5 (c) As set forth in ¶¶49-60, *infra*, Uber’s growth strategy was dependent on a
6 scheme to secretly misappropriate technology from a competitor, Google’s self-driving car affiliate
7 Waymo, instead of developing its own.

8 (d) As set forth in ¶¶61-69, *infra*, in order to fuel Uber’s rapid expansion,
9 defendants, beginning at least as early as 2014, developed and utilized a covert program code-named
10 “Greyball” designed to surveil and then evade government officials in jurisdictions around the world
11 in which Uber services were illegal or had been resisted by authorities.

12 (e) As set forth in ¶¶70-72, *infra*, between 2014 and the early part of 2016 Uber
13 used a secret program code-named “Hell” to steal driver and rider data from its main competitor,
14 Lyft, unfairly undercutting Lyft’s growth and operations, and stifling competition.

15 (f) As set forth in ¶¶88-94, *infra*, defendants knew or recklessly disregarded that
16 Uber’s rapid international expansion was aided by violations of foreign law.

17 **Defendants’ Uber Story Unravels**

18 48. Beginning in early 2017, the Uber growth story and the narrative disseminated by
19 defendants began to unravel. Headline after breaking headline revealed the Company was bent on
20 short-term growth and expansion at all costs, incubated in a toxic corporate culture of misogyny,
21 institutionalized gender discrimination and sexual harassment, and was driven by an operating ethos
22 of blatant disregard for the law, no matter the reputational, legal or operational risks involved.
23 Within months, Kalanick would be forced to resign his position as CEO and Uber found itself in
24 existential crisis, as top flight talent exited the Company in droves, Uber’s reputation and brand
25 suffered severe and lasting damage, its operations and prospects were diminished, and Uber
26 securities plummeted. As Uber’s new CEO wrote in an e-mail to employees following the news that
27 London had barred Uber from operating in the city, “[t]he truth is that there is a high cost to a bad
28 reputation.”

1 **Uber Attempts to Steal Its Way into the Future**

2 49. As detailed elsewhere herein, defendants had characterized Uber’s development and
3 implementation of self-driving car technologies as essential to the Company’s continued success and
4 future growth prospects. The advancement of futuristic technologies such as self-driving cars also fit
5 with the Company’s narrative that it was a leader in technological innovation and was key to the
6 Company’s appeal to investors. In early 2015, Uber and Kalanick announced that they were taking
7 dramatic steps to put this commitment to innovation into practice by announcing a strategic
8 partnership with premier engineering university Carnegie Mellon to create an “Advanced
9 Technologies Center” in Pittsburgh. The primary research focus of the partnership was on
10 developing self-driving car technologies, such as mapping, vehicle safety and autonomy. The
11 Company reportedly used cash from its recent equity raises to fund the investment. In the ensuing
12 months, Uber continued to cite major progress on its self-driving car initiatives, including an
13 agreement with Pittsburgh to allow Uber to test autonomous vehicles in the city and the acquisition
14 of self-driving car startup Otto.

15 50. Then, on February 23, 2017, Google’s self-driving car affiliate Waymo rocked the
16 tech community by filing a lawsuit against Uber in the U.S. District Court for the Northern District
17 of California. The suit alleges that Uber had simply stolen self-driving car technologies from
18 Waymo instead of developing its own after its publicly vaunted attempts to do so had stalled. *See*
19 *Waymo LLC v. Uber Technologies, Inc.*, No. 3:17-cv-00939-WHA (N.D. Cal.) (“*Waymo*”).

20 51. According to the lawsuit, Waymo had developed and improved extremely valuable
21 laser technology, known as “LiDAR,” that was a key component to the successful development of
22 autonomous vehicles. Whereas Waymo relied on its in-house LiDAR systems, Uber relied on third-
23 party vendors for its LiDAR systems, a function of the Company jumping into the self-driving car
24 space at least five years behind Waymo.

25 52. To alleviate this fundamental competitive disadvantage, in the summer of 2015,
26 Levandowski, a manager at Waymo, had begun to devise a scheme to steal Waymo’s self-driving car
27 technologies in order to enrich himself and his associates. Kalanick would later refer to
28 Levandowski as his “brother from another mother.” Public filings in Waymo’s lawsuit against Uber

1 suggest that Uber and Levandowski began discussing certain technical matters as early as May 2015
2 (eight months before he left Waymo), that Levandowski met with Uber representatives five times
3 between October 2015 and December 11, 2015, and that Kalanick suggested that Levandowski
4 should create a company for Uber to acquire. *Waymo*, Dkt. No. 756, at 8-10. By November 2015,
5 Levandowski had registered an internet domain for his new startup, which he confided to colleagues
6 would be used to replicate Waymo’s technologies. In December 2015, Levandowski installed
7 special software on his Waymo laptop that he used to download 14,000 proprietary files and other
8 highly sensitive data. Thereafter, Levandowski attempted to erase any evidence of his actions.

9 53. On January 14, 2016, Levandowski attended a high-level executive meeting at Uber’s
10 offices in San Francisco while he was still a Waymo employee. The next day he formed Otto and,
11 by the end of January, he had resigned his position with Waymo. In May 2016, Levandowski
12 publicly launched Otto with the stated goal of developing hardware and software for autonomous
13 vehicles. Other Waymo employees, including a supply chain manager and a hardware engineer,
14 resigned their positions to join Otto – but not before they had also downloaded secure files
15 containing proprietary Waymo information.

16 54. In August 2016, Uber acquired Otto for \$680 million. In an interview with *Business*
17 *Insider* on August 18, 2016, Kalanick sought to justify spending \$680 million of investors’ funds to
18 acquire Otto and spending millions more on an 180,000 square foot Palo Alto facility to
19 accommodate the newly acquired company by emphasizing the crucial need to be first in the self-
20 driving car race to ensure Uber’s survival. Kalanick told *Business Insider*, “[w]hat I know is that I
21 can’t be wrong. Right? I have to make sure that I’m ready when it’s ready or that I’m making it
22 ready. So, I have to be tied for first at the least.” He explained that the failure to be first would
23 threaten Uber’s existence: “the entity that’s in first, then rolls out a ride-sharing network that is far
24 cheaper or far higher-quality than Uber’s, then *Uber is no longer a thing.*” It was reported that a
25 key reason for the acquisition was Otto’s “in-house” LiDAR system. Uber quickly named
26 Levandowski as its vice president and he was placed in charge of Uber’s self-driving car project.
27 According to Waymo, within a month of the acquisition Uber had promptly put LiDAR to work and
28 represented to regulatory authorities that it had developed its own LiDAR technology in-house.

1 55. Following this acquisition, in December 2016, a Waymo employee was inadvertently
2 copied on a vendor e-mail that suggested that Otto and Uber were actually using Waymo’s trade
3 secrets and patented LiDAR designs. The e-mail was addressed to Uber and attached a machine
4 drawing of what was purported to be an Otto circuit board that was strikingly similar to – and shared
5 several unique characteristics with – Waymo’s highly confidential LiDAR circuit board, the designs
6 for which Levandowski had downloaded before his resignation. To confirm its suspicion that Uber
7 had misappropriated Waymo trade secrets, Waymo sent a public records request to Nevada’s Office
8 of Economic Development and Department of Motor Vehicles. Waymo alleged that the documents
9 it received from this request conclusively established that Uber and Otto were using a custom
10 LiDAR system with the same characteristics as Waymo’s proprietary system.

11 56. In May 2017, Judge Alsup, who is overseeing the case between Waymo and Uber,
12 issued an order finding that Waymo had presented evidence that Levandowski had downloaded
13 proprietary Waymo files before resigning, that Uber had planned to acquire Otto and hire
14 Levandowski as the head of its self-driving car technologies, and that Uber had specifically prepared
15 for litigation with Waymo in connection with its acquisition of Otto. Significantly, Judge Alsup
16 found that the evidence indicated that Uber had acquired Otto with reason to believe that
17 Levandowski had taken confidential trade secrets from Waymo.

18 57. Court records also show that in March 2016, Uber commissioned a due diligence
19 report with a litigation support consultancy and went so far as to craft and execute a joint defense
20 agreement with Levandowski in April. Notably, Uber entered into a broad agreement to indemnify
21 Levandowski months before the Company acquired Otto. The agreement indemnified Levandowski
22 for any “Bad Act,” which, as stated in the Court’s June 5, 2017 Order re: Waymo’s Motion to
23 Compel, was defined in a February 22, 2016 term sheet signed between Uber and Otto to include
24 “fraud, misappropriation of Waymo’s patents, copyrights, trademarks or trade secrets, breach of a
25 fiduciary duty owed to Waymo, or breach of a non-solicitation agreement with Waymo.” *Waymo*,
26 Dkt. No. 566 at 2. This indemnification was effective regardless of whether the Otto acquisition was
27 consummated as long as Levandowski and other Otto employees disclosed all such Bad Acts to
28 forensic expert Stroz Friedman. Uber has resisted turning over the Stroz Friedman report to Waymo,

1 but on September 13, 2017, the Federal Circuit Court of Appeals issued an opinion affirming the
2 District Court’s discovery orders directing Uber to turn over the report and related documents.
3 Waymo immediately filed a motion to continue the trial, asserting “the Stroz Report unequivocally
4 establishes the facts underlying Waymo’s trade secret misappropriation claims.” *Waymo*, Dkt. No.
5 1604 at 1.

6 58. In a March 2017 deposition, Levandowski asserted his Fifth Amendment right against
7 self-incrimination to avoid testifying about documents in his possession. During an April 5, 2017
8 Court hearing, Judge Alsup commented that “[t]his is an extraordinary case. I have never seen a
9 record this strong in 42 years.” *Waymo*, Dkt. No. 160 at 11. On May 11, 2017, the Court
10 provisionally enjoined Uber from using any documents Levandowski downloaded from Waymo,
11 prohibited Levandowski from working on LiDAR systems at Uber, required Uber to conduct an
12 investigation and accounting of Levandowski’s activities, and ordered that Uber must immediately
13 prevent all employees and agents from “consulting, copying, or using the downloaded materials” and
14 return such materials to Waymo or the Court. *Waymo*, Dkt. No. 433 at 23. The Court also entered
15 an Order of Referral to United States Attorney to conduct an “investigation of possible theft of trade
16 secrets based on the evidentiary record supplied thus far concerning plaintiff Waymo LLC’s claims
17 for trade secret misappropriation.” *Waymo*, Dkt. No. 428. A commentator in the *Washington Post*
18 observed that “[i]t is very rare for a judge to refer a matter over to the U.S. Attorney and signals the
19 judge’s displeasure with Uber in the trade secrets civil lawsuit.” Levandowski was subsequently
20 fired from Uber after refusing to assist the Company in its internal investigation.

21 59. In light of the Waymo scandal, Magellan Financial Group analogized Uber’s
22 fundraising strategy to a Ponzi scheme: “They’ve got no advantage over anyone else when it comes
23 to autonomous driving technology. They tried to steal it from Google, they’ve ended up in court.
24 That whole side of the business is falling apart. It’s constantly losing money and its capital-raising
25 strategy is a Ponzi scheme.”

26 60. On September 20, 2017, it was reported that Uber quantified its exposure to just one
27 of the nine counts brought against it for trade secret theft by Waymo at \$2.6 billion.

1 **Uber Uses “Greyball” to Surveil and Evade Authorities**

2 61. On March 3, 2017, *The New York Times* ran an explosive article entitled, “*How Uber*
3 *Deceives the Authorities Worldwide,*” that detailed how Uber had developed and utilized a covert
4 program code-named “Greyball” designed to target and then evade government officials in
5 jurisdictions around the world in which Uber services were illegal or had been opposed by
6 authorities.

7 62. The article revealed how, since at least 2014, Uber had used data collected from the
8 Uber app and other techniques to identify and circumvent officials who were trying to assess and/or
9 regulate the ride-hailing service in cities like Portland, Boston, Paris and Las Vegas, and in countries
10 like Australia, China and South Korea. It had used the program to expand its low-cost UberX
11 services into new cities, which often ran afoul of local regulations.

12 63. According to the article, when Uber entered a new city, the Company appointed a
13 general manager to head the Company’s Greyball operations. This person would then use at least a
14 dozen technologies and techniques to try to spot enforcement officers. One technique involved
15 drawing a digital perimeter, or “geofence,” around the government offices on a digital map of a city
16 that Uber was monitoring. The Company watched which people were frequently opening and
17 closing the app – a process known internally as eyeballing – near such locations as evidence that the
18 users might be associated with city agencies. Other techniques included looking at a user’s credit
19 card information and determining whether the card was tied directly to an institution like a police
20 credit union. Another involved sending employees to look up device numbers of the cheapest
21 mobile phones that were likely to be acquired by local officials as part of their sting operations
22 against the Company. In addition, Uber employees would search social media profiles and other
23 information available online to identify officers.

24 64. Once government officials were identified by the Company, they would be internally
25 tagged with a small piece of code that read “Greyball” followed by a string of numbers and provided
26 a dummy version of the Uber app. This dummy version would mimic the real version, but allowed
27 the Company to populate the screen with ghost cars or show that no cars were available in order to
28

1 allow Uber drivers to evade detection. Occasionally, if a driver accidentally picked up someone
2 tagged as an officer, Uber called the driver with instructions to end the ride.

3 65. Elsewhere, it was reported that Uber had also turned Greyball on cabdrivers in an
4 effort to thwart them from using the Uber app to learn the whereabouts of Uber drivers. The secret
5 program thus became another tool in Uber's vast toolbox to gain improper advantages over the
6 Company's competition.

7 66. Once the Greyball tool was put in place and tested, Uber engineers compiled a
8 playbook with a list of tactics and distributed the playbook to general managers in more than a dozen
9 countries on five continents. The development and use of Greyball was not the product of some
10 rogue group of employees, but an official Company-sponsored program. It was developed and
11 operated by at least 50 Uber employees and approved by Uber's central office and highest
12 executives, including the Company's Senior Vice President of Global Operations. Kalanick, as a
13 result of his position as a hands-on manager and CEO of Uber and the Company-wide distribution
14 and use of the Greyball program as a central component of Uber's growth strategy, knew about the
15 program and that it was illegal. Indeed, in a 2013 tech conference, Kalanick accused rival Lyft of
16 operating a "criminal" ridesharing model under similar circumstances:

17 The way to think about it: Lyft basically goes into the markets that Uber is in and
18 then gets folks who don't have commercial licenses and don't have commercial
19 insurance and says 'bring your own car' and provide Uber-like service. . . . I'm like,
20 holy cow, every trip that's happening – I'm reading the law – every trip that's
21 happening is a criminal misdemeanor being committed by the person driving. I don't
22 think that's a good law. ***But that is the law.***

23 67. Uber would ultimately confirm the existence of the Greyball program and that it had
24 been used to target government officials.

25 68. By May 2017, it was reported that Uber was the target of a criminal probe by the U.S.
26 Attorney's Office for the Northern District of California into the Company's use of the Greyball
27 program. The U.S. Attorney's Office has issued subpoenas to public officials in Portland,
28 Philadelphia and Austin and is being assisted by the FBI in connection with its investigation.
Reportedly, potential legal violations by Uber as a result of its use of the program include violations
of the federal Computer Fraud and Abuse Act and intentional obstruction of justice.

1 69. On September 15, 2017, the Portland Bureau of Transportation (“PBT”) announced
2 the conclusion of its investigation into Uber’s Greyball program. The PBT found that Uber used
3 Greyball to evade authorities when operating without permits in December 2014, and stated that
4 “[i]n using Greyball, Uber has sullied its own reputation.” The San Francisco District Attorney’s
5 Office also opened an investigation.

6 **Uber Unleashes “Hell” on Its Competition**

7 70. On April 12, 2017, subscription technology news service *The Information* published a
8 bombshell report detailing how Uber had developed a covert software program code-named “Hell”
9 that it used to pilfer rider and driver data from its main competitor, Lyft, and otherwise stifle
10 competition in the jurisdictions in which Uber operated. The report described the Hell spyware
11 program as follows:

12 As the ride-sharing market was exploding in the U.S. between 2014 and the
13 early part 2016, Uber had an advantage over Lyft that helped Uber maintain its lead,
14 The Information has learned. Thanks to a secret software-based effort within Uber
15 called “Hell,” Uber could track how many Lyft drivers were available for new rides
16 and where they were, according to a person who was involved in the program and a
17 person who was briefed about it.

18 More importantly, “Hell” showed Uber employees which of the tracked
19 drivers were driving for both Lyft and Uber, helping Uber figure out how to lure
20 those drivers away from its rival. That’s a crucial edge in a business where finding
21 enough people to drive is a constant battle.

22 **THE TAKEAWAY**

23 The revelation of a controversial Uber program aimed at hurting rival Lyft
24 could further complicate CEO Travis Kalanick’s attempt to lead Uber out of its
25 deepening cultural and management crisis. It also opens up the company to potential
26 legal claims.

27 Only a small group of Uber employees, including top executives such as CEO
28 Travis Kalanick, knew about the program, said the person who was involved in it.
Not even Uber’s then-powerful “general managers” who ran the business in
individual cities were supposed to know about it.

 The program, part of the company’s competitive intelligence, or “COIN,”
group, was referred to as “Hell” because it paralleled Uber’s dashboard of Uber
drivers and riders known as “God View,” or “Heaven.”

 “Hell” was discontinued sometime in the early part of 2016, this person said.
This person asked for anonymity because they aren’t authorized to discuss Uber’s
internal matters. A spokesman for Uber said the company wouldn’t publicly discuss
its internal processes. Lyft said in a statement: “We are in a competitive industry.
However, if true, these allegations are very concerning.”

1 Revelation of the program could open up Uber to possible civil legal claims by
2 Lyft, according to lawyers from two law firms that have represented Uber on other
3 matters. Such potential state and federal claims could include “breach of contract”;
4 “unfair business practices”; misappropriation of trade secrets; and a civil violation of
5 the federal Computer Fraud and Abuse Act because of the way Uber allegedly
6 accessed information from Lyft. Such an action could give Lyft the ability to probe
7 certain Uber business practices in court. Antitrust claims also are a possibility if Uber
8 used Hell to help maintain its market power over Lyft – it generates between 70% to
9 85% of ridehailing app revenue versus Lyft in key U.S. cities, according to third parties
10 and people inside the companies – these lawyers said.

11 The public disclosure of Hell and Mr. Kalanick’s involvement with it also
12 could make it harder for him to pull Uber out of a deepening cultural and
13 management crisis that started in mid-February. Four of his 13 direct reports have
14 resigned because of conflicts with Mr. Kalanick or because their past behavior was
15 questioned. Mr. Kalanick, despite losing credibility with employees and executives
16 throughout his company because of a variety of revelations, has said he is determined
17 to continue as CEO, albeit with help from a COO he is trying to hire.

18 Spoofed Riders

19 Uber and Lyft have waged a war for market share in the U.S. since 2012,
20 when Uber launched UberX, a lower-cost version of its ride-hailing service that let
21 most anyone use their car to pick up Uber riders. UberX was similar to Lyft, which
22 had launched a month earlier. Uber leveraged its early lead in riders, thanks to a
23 high-end “black car” version of the service that began three years earlier, to capture
24 market share against Lyft.

25 In 2014, Lyft expanded its operations from 20 cities to 65 cities, covering
26 most major U.S. metro areas – places where Uber had already been operating for
27 some time. Lyft’s market share was thus small but the company was able to take
28 advantage of the demand for, and awareness of, ride-hailing that Uber had generated
previous to Lyft’s entrance.

A key weapon in the war between the companies was getting enough drivers
so that riders don’t have to wait long for a ride. Recruiting drivers through
advertising and other marketing has been Uber’s top operating expense, judging by
confidential financial statements 2015 seen by The Information. That expense easily
could have reached \$1 billion in 2016, assuming a steady rate of growth.

Hell started like this: Uber created fake Lyft rider accounts and used
commonly available software to fool Lyft’s system into thinking those riders were in
particular locations, according to the person. (That in and of itself is a violation of
Lyft’s terms of service, which prohibits users from “impersonat[ing] any person or
entity,” which Lyft riders must agree to when they open the app.)

The spoofed Lyft accounts made by Uber then could get information about as
many as eight of the nearest available Lyft drivers who could accommodate a ride
request. Uber made sure that in each city where it was competing with Lyft, the fake
rider locations were organized in a grid-like format so that it could view the entire
city.

In other words, Uber could see, nearly in real time, all of Lyft’s drivers who
were available for new rides – and where those drivers were located. That also

1 allowed Uber to track the prices Lyft would offer to riders for certain trips, and how
2 many cars were available to pick up riders at a particular time in one city or another.

3 Lyft's Flaw

4 But Uber executives realized there was vulnerability in Lyft's system. The
5 information about the nearby Lyft drivers included a special numbered ID, or token,
6 that was tied to each individual driver. That ID remained consistent over time. So
7 Uber could identify the same drivers again and again no matter where they were in a
8 city. Thus, it learned some of those drivers' habits, such as what time of day or what
9 days of the week they would run the Lyft app. (Uber constantly changes the IDs of
10 its drivers for the Uber app so they can't be tracked in the same way, said the person
11 involved with Hell.)

12 Here's the critical part of Hell: Because Uber tracked Lyft's drivers over
13 time, it was able to figure out which of them were driving for Uber too, because it
14 would be able to match the locations of its own drivers with those of Lyft. In many
15 cities, more than 60% of Lyft's drivers also drive for Uber because they want to
16 maximize their earnings. (As of a year ago, Lyft said it had about 315,000 drivers.)
17 Uber thus had specific identities and contact information for the majority of Lyft's
18 weekly or monthly active drivers in a particular place. "We achieved ground truth,"
19 said the person involved in the program.

20 Armed with data about when and where Lyft's drivers were operating, Uber
21 aimed to sway them to work only for Uber instead, this person said. One way was to
22 give them special financial bonuses for reaching a certain number of rides per week.

23 Uber employees involved with the Hell program passed along a list of drivers
24 that should be targeted by the city general managers, who oversaw driver bonus
25 budgets at that time.

26 Another goal of the program was to make sure Uber steered rides more
27 reliably to Uber drivers who were also available on the Lyft network than to those
28 who weren't, this person said. In other words, if there were several Uber drivers near
an Uber rider but one of those drivers was also frequently available on the Lyft
network, as seen by the Hell program, Uber's ride-dispatch team was supposed to
"tip" that ride request to the driver who was "dual apping," or typically looking for
riders through both the Lyft and Uber apps, sometimes by using two different
smartphones at the same time.

The person involved in the program called it "privileged dispatch" and said
Uber aimed to use that to squeeze Lyft's supply of drivers. This person didn't know
how much the ride-dispatch team used data derived from Hell as part of its
calculations. An Uber spokesman said the company does not give preference to
"dual-apping" drivers.

24 "Hustle"

25 It's unclear if anyone at Uber quantified how helpful Hell was to its business
26 overall, but the program got information about Lyft's network across the country,
27 said the person who was involved with it. During meetings with the small group of
28 people involved in Hell, Mr. Kalanick would often praise the team for the work they
were doing and how well it fit into Uber's culture of "hustle" in order to win.

1 While it's hard to estimate the potential impact of Hell on Lyft, even after the
2 program was shut down, Uber could derive value from knowing which of its drivers
3 were active drivers for Lyft generally, at least for a period of time. "The damage was
4 done," this person said.

5 Uber and Lyft have other ways of finding out which of their drivers might be
6 driving for the competition. For instance, Lyft can see whether certain of its drivers –
7 those who use Android-powered smartphones – also have the Uber app installed on
8 their phone. (The Android operating system allows app developers to "scan" the
9 phones to see what other apps are on them.) The iPhone is different. Apple stopped
10 allowing app scanning on iPhones starting in mid-2015. But Hell gave Uber much
11 more valuable data.

12 Hell was overseen by several employees, including a product manager and
13 data scientists who had special access to a room at Uber's headquarters in San
14 Francisco, where the intel on Lyft's drivers was collected via computers that had the
15 spoof accounts, this person said.

16 Some at Uber might argue that some drivers benefited from Uber's
17 surveillance of Lyft because they made more money when Uber decided to boost
18 their bonuses or give them more rides. But the drivers who benefited most were those
19 who showed less loyalty to Uber. Also, the destruction of Lyft would be bad for
20 drivers in the long run. Lyft's presence in the market has ensured greater bonuses
21 overall, though those may need to disappear if either company wants to make a
22 profit.

23 71. On January 22, 2015 Uber took steps to conceal its illegal conduct in poaching drivers
24 from Lyft by releasing what was reported by *VentureBeat* as "an ambitious study of its U.S. drivers"
25 that "argues the company's explosive growth is being fueled by *competitive pay and flexible work*
26 *schedules that are attracting hordes of new drivers.*" Maintaining a robust pool of drivers was so
27 critical that, according to an April 2, 2017 *New York Times* report, instability in Uber's driver pool
28 ultimately "threatened to cap the company's growth and throw it into crisis."

72. Uber subsequently confirmed the existence of Hell. In September 2017, it was
reported that the Company was under federal investigation by the FBI and the U.S. Attorney's Office
for the Southern District of New York for its use of the program. Reportedly, authorities are
investigating whether Uber used Hell to illegally thwart competition and violate computer access
laws.

Uber's Toxic Culture of Institutionalized Harassment and Discrimination

73. On February 19, 2017, former Uber engineer Fowler posted a blog exposing rampant
misogyny, gender discrimination and sexual harassment at Uber. Fowler detailed how in her first

1 couple of weeks on the job her manager expressly propositioned her for sex. When she reported the
2 improper conduct to Uber’s HR Department, they brushed off the offense because they “wouldn’t
3 feel comfortable giving him anything other than a warning and a stern talking-to” in light of the fact
4 that the manager was a “high performer.” In a perverse twist of proper procedures, Fowler was
5 then told that if she stayed on the team she would likely be given a negative review because she had
6 reported the individual to HR.

7 74. Forced to rotate to another team to avoid continued harassment and repercussions,
8 Fowler wrote that in the subsequent weeks she met many other women at Uber who had similar
9 stories to hers, *including with the same manager*. She stated that these women “had reported
10 inappropriate interactions with him long before I had even joined the company.” Despite the fact
11 that several women had reported inappropriate conduct by this individual, each was told by HR it
12 was his “first offense” so as to justify not taking any actions against him.

13 75. Fowler also described gender discrimination that worked to block women from
14 promotions and favorable job transfers at the Company. She recounted how she was personally told
15 she had “undocumented performance problems” as a means to prevent her from transferring to a
16 position she wanted, even though she was eminently qualified. Even after she achieved great
17 reviews and a flawless performance score, these scores were *retroactively* changed by her superiors
18 in order to keep her in her current position and prevent her upward trajectory.

19 76. In addition, Fowler described a toxic corporate culture at Uber she compared to the
20 bloody television drama “game-of-thrones.” According to Fowler, “[i]t seemed like every manager
21 was fighting their peers and attempting to undermine their direct supervisor so that they could have
22 their direct supervisor’s job.” Fowler gave examples of managers frequently boasting about ways
23 that they were trying to undercut their superiors in order to supplant them and rise up in the
24 organization. She recounted a manager once even withholding “business-critical information from
25 one of the executives so that he could curry favor with one of the other executives (and, he told us
26 with a smile on his face, it worked!).”

27 77. Fowler stated that institutionalized sexism occurred at Uber in a variety of forms,
28 both large and small. When she reported clearly unequal treatment to HR, Fowler was told that she

1 was the problem. The HR person then interrogated Fowler about her contacts with other women and
2 told she was being “unprofessional” by reporting an issue via e-mail, presumably because it created
3 a record of the incident. Shortly thereafter a manager threatened to fire Fowler because she had
4 dared to contact HR. She voluntarily left the Company a week later.

5 78. Fowler stated that when she joined Uber in November 2015, her organization was
6 25% women. By the time she left in December 2016, the percentage of female employees had
7 plummeted by more than 80% due to organizational chaos and institutionalized sexism.

8 79. Fowler’s blog post quickly went viral. Within days its accusations had morphed into
9 a full-blown publicity crisis for the Company. New reports began to surface of Uber’s toxic “bro-
10 culture” and the unhealthy and counterproductive work environment it fostered. Perhaps most
11 shocking, it came to light that Kalanick and other top Uber executives had led an official Company
12 outing to a female escort bar in South Korea in 2014. Girls, tagged with numbers, were paid to sit
13 with male Uber employees as they sang karaoke. A female manager later complained to Uber’s HR
14 Department that the experience “made me feel horrible as a girl (seeing those girls with number tags
15 and being called out is really degrading).” Following Fowler’s blog post, Uber’s Senior Vice
16 President of Business, Emil Michael, reached out to Kalanick’s former girlfriend, who had attended
17 the event, to make sure that she had not spoken to reporters about it and that, if asked, she would tell
18 people that they had just gone for karaoke and “had a good time.”

19 80. After Fowler’s blog post, *The New York Times* documented employees who came
20 forward with similar experiences. In a February 22, 2017 article, *The New York Times* reported that
21 “[i]nterviews with more than 30 current and former Uber employees, as well as reviews of internal
22 emails, chat logs and tape-recorded meetings, paint a picture of an often unrestrained workplace
23 culture.” One employee e-mailed Kalanick concerning harassment, and at least two “notified Thuan
24 Pham, the company’s chief technical officer, of workplace harassment at the hands of managers and
25 colleagues in 2016.”

26 81. By the end of February 2017, Uber was facing mounting negative publicity. To avoid
27 a complete collapse of the Company, Uber was forced to hire former U.S. Attorney General Holder
28

1 to investigate the sexual harassment claims and evaluate the Company’s work culture. A special
2 committee of the Board was formed to oversee the work shortly thereafter.

3 82. On February 23, 2017, venture capital fund Kapor Capital – an investor in Uber since
4 2010 – published “An Open Letter to the Uber Board and Investors” expressing disappointment,
5 frustration and concerns that it had “hit a dead end in trying to influence the company quietly from
6 the inside.” The letter stated that “[a]s early investors in Uber, starting in 2010, we have tried for
7 years to work behind the scenes to exert a constructive influence on company culture.” Kapor
8 Capital stressed that Uber’s impressive valuations and revenue “can never excuse a culture plagued
9 by disrespect, exclusionary cliques, lack of diversity, and tolerance for bullying and harassment of
10 every form.” The fund was also dissatisfied with the selection of Holder, Arianna Huffington and
11 Liane Hornsey, who reported to Kalanick’s executive team, to investigate the “destructive culture”
12 as these individuals had “inherent conflicts that impede the necessary independence to make a deep
13 and accurate assessment.”

14 83. Over the next few months, Holder and his team at Covington led a far-reaching
15 investigation of Uber. Covington conducted over 200 interviews with current and former
16 employees; retained a consulting firm to hold online focus groups of Uber employees; and reviewed
17 over three million Company documents. The results of the investigation and recommendations by
18 Covington were approved by the Board in June, and released to the public in a report shortly
19 thereafter (the “Holder Report”). The Holder Report proposed sweeping changes to the Company’s
20 leadership, organization, management and culture, offering proscriptions that contradicted
21 defendants’ prior representations about Uber’s culture and workplace.

22 84. First and foremost, the Holder Report proposed changes to Uber’s senior leadership,
23 including reducing Kalanick’s responsibilities. It encouraged the Company to find leaders who
24 would promote diversity and inclusion, hold senior executives accountable to improve the work
25 culture and reduce complaints and compliance issues, and require the HR Department to actually
26 implement the workplace responsibilities delegated to it. The Holder Report provided a laundry list
27 of additional recommendations, the breadth of which exposed the massive scope of the problems at
28 the Company. These recommendations included: (1) increasing Board independence and oversight

1 of management; (2) enhancing the Company’s internal controls, risk management, financial controls,
2 and compliance policies and procedures; (3) reformulating the Company’s “cultural values,” which
3 at the time promoted values such as “Always Be Hustlin” and “Principled Confrontation” that Uber
4 employees had used to justify misbehavior, to new values that would “reflect more inclusive and
5 positive behaviors”; (4) greatly expanding and improving employee training, including by teaching
6 Uber’s executives how to implement effective corporate controls; (5) improving the employee
7 complaint process and revamping Uber’s HR Department; (6) promoting diversity and inclusiveness
8 initiatives; and (7) implementing a variety of policies, procedures, and practices that the Company
9 lacked to combat discrimination, harassment, and inappropriate workplace conduct.

10 85. According to a June 6, 2017 *Business Insider* article, in conjunction with hiring
11 Covington, Uber also hired law firm Perkins Coie LLP to investigate 215 “inappropriate workplace
12 incidents.” These incidents included discrimination (25%), sexual harassment (22%), unprofessional
13 behavior (21%), bullying (15%), harassment (9%), retaliation (6%), and other offenses. The
14 majority of the incidents took place in the San Francisco headquarters. “The Perkins Coie
15 investigation lays the groundwork for the investigation being conducted for Uber by Eric Holder,”
16 according to the article.

17 86. Uber attempted to clean house in connection with the Holder Report and
18 investigation, firing at least 20 employees for misconduct. An additional 31 employees were subject
19 to further training, 7 received final warnings, and as of the *Business Insider* article, 57 claims were
20 under continued review. Uber took no action on the remaining 100 claims.

21 87. On June 21, 2017, *The New York Times* reported that five investors – Benchmark,
22 First Round Capital, Lowercase Capital, Menlo Venture and Fidelity Investments – representing
23 25% of Uber’s stock and 40% of the voting power, demanded Kalanick’s resignation.

24 **Uber Takes Its Law Breaking Global**

25 88. A string of disclosures have called into question the legality, and thus sustainability,
26 of Uber’s rapid international expansion. For example, on April 26, 2017, *Reuters* reported that a
27 South Korean court had ruled that the Company had been using private vehicles for commercial
28 purposes in violation of South Korean law. In June 2013, Uber had entered the South Korean market

1 with its UberBlack service in violation of South Korean law prohibiting paid chauffeur services. In
2 August 2014, Uber doubled down on its illegal expansion into South Korea with its UberX service in
3 knowing violation of the country’s Passenger Transport Services Act. Similarly, in July 2017, a
4 senior adviser to the European Court of Justice, Europe’s highest court, issued an adverse opinion
5 against the Company that it needed to comply with European transportation rules and that Uber
6 should be regulated as a taxi service. As a result, certain of Uber’s low-cost current services could
7 be banned as illegal. In France, a court had found that Uber had been operating an illegal taxi
8 service in the country following the launch of Uber’s low-cost UberPOP service in February 2014 in
9 violation of French criminal law. It was later reported in 2017 that in South Korea, France, and
10 several other international jurisdictions Uber had been using Greyball to evade authorities.

11 89. Then, on August 3, 2017, *The Wall Street Journal* reported, in an article entitled
12 “Smoke, Then Fire: Uber Knowingly Leased Unsafe Cars to Drivers,” that Uber had intentionally
13 leased out unsafe Honda SUVs subject to a recall to its drivers in Singapore in order to chase
14 breakneck growth.

15 90. According to *The Wall Street Journal*, which cited internal Company documents and
16 interviews with employees in the region, Uber managers in Singapore were aware of the Honda
17 recall when they bought more than 1,000 defective Vezels and rented them to drivers without needed
18 repairs. After Uber expanded into Singapore in 2013, it struggled to find enough drivers owing to
19 the high cost of car ownership in the country. To remedy this problem, Uber created a unit that
20 would rent Uber-purchased vehicles to drivers for a daily rate. In early 2016, Kalanick approved a
21 plan to borrow 800 million Singapore dollars (about \$590 million) in order to buy thousands of new
22 cars. However, instead of acquiring the cars from authorized dealers, Uber purchased the vehicles
23 from auto importers who reportedly operate in a legal gray zone, a channel outside manufacturers’
24 authorized networks where safety, service and legal contracts are difficult to enforce. This maneuver
25 allowed the Company to pay approximately 12% less for the vehicles.

26 91. On April 4, 2016, Honda issued a recall for new, gas-powered Vezel SUVs, advising
27 owners to have them serviced as quickly as possible. The issue was an electrical component that
28 was prone to overheating. Despite being aware of the recall and safety issue, Uber knowingly

1 purchased over 1,000 Honda Vezels. Uber was unable to procure the necessary replacement parts
2 for many of the vehicles, but rented out the unsafe vehicles anyway in disregard for the safety of
3 Uber drivers and their riders. Then, on January 11, 2017, an Uber driver reported that his Company-
4 supplied Honda Vezel had caught on fire soon after he dropped off a passenger. Flames reportedly
5 burst from the dashboard, melting the interior of his car and cracking a football-sized hole in his
6 windshield.

7 92. Shortly thereafter, Company executives, including those in the San Francisco office,
8 were informed of the fire. Rather than take the defective cars off of the road until Uber could
9 perform the necessary repairs, Uber decided to keep the cars in service so as not to lose revenues or
10 “alarm” drivers. Uber placed the onus on drivers to seek repairs of their own accord in a vaguely
11 worded notice, although the notice failed to mention the overheating and fire dangers Honda had
12 spelled out in its advisory. As a result, Uber drivers and passengers were not apprised of the true
13 risks to their safety and well-being from the defective cars. Rather than come clean, Uber’s
14 communication team developed an information campaign designed to limit any negative publicity
15 that may result from the fire and Uber’s actions. By February 2017, more than 65% of the defective
16 vehicles had still not been repaired, even as internal e-mails by Uber managers reviewed by *The Wall*
17 *Street Journal* joked about the “Vezel snafu” and “other shenanigans” at the Company.

18 93. Since news of the Singapore fire broke, Uber’s international legal issues have
19 continued to mount. On August 29, 2017, it was reported that the DOJ had taken preliminary steps
20 to investigate whether Uber managers had violated the FCPA, which bans the use of bribes to
21 foreign officials to get or keep business. As a result, the legality of the Company’s entire
22 international operations has been called into question. According to a *Bloomberg* report on
23 September 20, 2017, Uber retained O’Melveny & Myers LLP to investigate its foreign payments in
24 at least five countries: Malaysia, Indonesia, China, South Korea, and India. If a formal investigation
25 goes forward and finds Uber violated the FCPA, the Company and its employees may be subject to
26 civil and criminal penalties and some may even face imprisonment.

27 94. Then, on September 22, 2017, London’s transport authority held that Uber “is not fit
28 and proper to hold a private hire operator licence [sic]” and declined to renew the Company’s license

1 to operate in the city. As reasons for the decision, London’s transport authority cited Uber’s
2 demonstrated “lack of corporate responsibility in relation to a number of issues which have potential
3 public safety and security implications,” including the Company’s “approach to reporting serious
4 criminal offences [sic],” handling of London’s inquiry into Greyball, failure to conduct proper driver
5 background checks, and other issues. According to reports, London accounts for about 5% of Uber’s
6 global active user base of 65 million, and nearly a third of its active user base of 11 million in
7 Europe, casting further doubt on the viability of the Company’s global growth prospects.

8 **Uber Executives Steal a Victim’s Medical Records**
9 **in Order to Discredit Her**

10 95. Allegations against Uber went from very bad to much worse when, in June 2017,
11 news organizations reported that Alexander, a top Uber executive, had illicitly obtained a
12 passenger’s medical records in December 2014 for the unconscionable purpose of discrediting her
13 claim that she had been sexually assaulted by an Uber driver on a ride. Alexander brought the
14 medical files to the attention of Kalanick and other executives. Kalanick reportedly reviewed the
15 report and discussed it at length with Alexander. Uber executives then discussed the preposterous
16 claim that the victim had fabricated the whole incident in order to bolster Uber’s rival in India, even
17 though none of the executives had medical training and the perpetrator had already been convicted of
18 rape and sentenced to life in prison. Alexander reportedly carried around the victim’s medical files
19 for months without her knowledge.

20 96. Alexander’s actions caused serious concerns among former and current Uber
21 employees. On June 7, 2017, *Bloomberg* reported that, as part of the Holder investigation, former
22 and current employees discussed the India case with Holder’s investigators. Some employees
23 “expressed misgivings about Alexander’s cavalier attitude toward sharing the private information of
24 an alleged rape victim.”

25 97. On June 23, 2017, *The New York Post* reported that Uber retained O’Melveny &
26 Myers LLP to also investigate how Alexander obtained the victim’s medical records.

1 98. Defendants’ conduct behind the scenes directly contradicted their representations to
2 the public at the time of the incident in 2014. Then, Kalanick offered public support and solidarity
3 with the victim, releasing the following statement on December 7, 2014:

4 What happened over the weekend in New Delhi is horrific. Our entire team’s
5 hearts go out to the victim of this despicable crime. *We will do everything, I repeat,
6 everything to help bring this perpetrator to justice and to support the victim and
7 her family in her recovery.*

8 We will work with the government to establish clear background checks
9 currently absent in their commercial transportation licensing programs. We will also
10 partner closely with the groups who are leading the way on women’s safety here in
11 New Delhi and around the country and invest in technology advances to help make
12 New Delhi a safer city for women.

13 99. Far from “doing everything” to support the victim, Uber associates actually went out
14 of their way to belittle her trauma and invade the victim’s most sensitive personal information. By
15 focusing on “whether she was really raped at all,” and painting the victim as an opportunist and a
16 liar, defendants seemed to be assuring themselves that the only reason why a woman would report a
17 sexual assault is for personal gain, rather than to prevent similar crimes or to right an injustice. The
18 callous episode demonstrates the radical extremes to which defendants would push (and often
19 exceed) the bounds of acceptable business conduct in order to chase growth and/or stifle
20 competition.

21 100. The shocking disclosure has further battered Uber’s already tattered reputation and
22 spawned a lawsuit by the victim against the Company for unlawful intrusion of private affairs, the
23 public disclosure of private facts and defamation.

24 **Benchmark Lawsuit**

25 101. On August 10, 2017, one of Uber’s earliest investors filed a complaint in Delaware
26 Chancery Court accusing the Company and Kalanick of fraud, fiduciary breach and contract
27 violations (the “Benchmark Complaint”). Specifically, the Benchmark Complaint alleged that
28 Kalanick had intentionally concealed and failed to disclose his gross mismanagement and other
misconduct at Uber, including:

- his personal involvement in the alleged misappropriation of self-driving car trade secrets from a competitor;

- 1 • an Uber executive’s alleged theft of a woman’s medical records following her sexual
2 assault by an Uber driver;
- 3 • the use of Greyball to deceive authorities in markets where law enforcement had
4 banned or resisted Uber’s services;
- 5 • a pervasive culture of gender discrimination and sexual harassment that ultimately
6 prompted an investigation by former U.S. Attorney General Eric Holder; and
- 7 • a “host of other inappropriate and unethical directives issued by Kalanick.” *See*
8 *Benchmark Capital Partners VII, L.P. v. Kalanick*, No. 2017-0575, Verified
9 Complaint (Del. Ch. Aug. 10, 2017).

10 102. According to the Benchmark Complaint, Kalanick knew he would likely be forced to
11 resign as CEO of the Company once these misdeeds came to light, and fraudulently induced
12 Benchmark to sign off on a voting rights agreement that gave him control over three new Board
13 seats. By way of this agreement, Kalanick could maintain his disproportionate influence over the
14 Board and the Company even if forced to resign as CEO.

15 103. Benchmark’s lawsuit, which attempts to oust Uber’s founder from the Company, has
16 been called “extraordinary” and “unprecedented” by some in the press and demonstrates that even
17 the Company’s closest and oldest investors were duped by Kalanick and the Uber story.

18 **Plaintiff and the Class Have Been Damaged**
19 **as Their Uber Investments Plummet**

20 104. As a result of defendants’ conduct, plaintiff and the Class have lost billions of dollars.
21 While Uber shares are not publicly traded, in connection with Uber’s Series G preferred stock
22 financing round in 2016, Uber’s valuation skyrocketed to approximately \$68 billion. Plaintiff
23 invested in Uber in connection with this round of financing through New Riders.

24 105. As Uber’s various corporate scandals have come to light in 2017, investors have
25 begun to significantly mark down their investments in Uber. For example, mutual fund companies
26 such as Vanguard Group and T. Rowe Price Inc. have marked down their shares of Uber by as much
27 as 15% as a direct result of this drumbeat of bad news. At the same time, dozens of employees,
28 including many of the Company’s most senior officers, have left, significantly impairing the
Company’s business, operations and prospects, and Uber’s brand has been gravely tarnished.
Consequently, to date the Company has suffered a loss in market capitalization of at least **\$18 billion**

1 as a direct result of the fraudulent conduct complained of herein, causing damages and economic
2 losses to plaintiff and the Class.

3 **CLASS ALLEGATIONS**

4 106. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules
5 of Civil Procedure and seeks certification of the following Class:

6 All persons or entities who, directly or indirectly, purchased or committed to
7 purchase (and subsequently closed a binding commitment to purchase) an interest in
Uber securities between June 6, 2014 and September 22, 2017 (the "Class").

8 Excluded from the proposed Class are defendants, their officers and directors, and members of their
9 immediate families or their legal representatives, heirs, successors or assigns, and any entity in
10 which defendants have or had a controlling interest.

11 107. The members of the proposed Class are so numerous that joinder of all members is
12 impracticable. Plaintiff believes that there are several hundred members in the proposed Class.
13 Members of the proposed Class may be identified from records maintained by defendants.

14 108. Plaintiff's claims are typical of the claims of the members of the proposed Class as all
15 members of the proposed Class are similarly affected by defendants' wrongful conduct as alleged
16 herein.

17 109. Plaintiff will fairly and adequately protect the interests of the members of the
18 proposed Class and has retained counsel competent and experienced in complex class litigation.

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

22 (a) Whether defendants misrepresented material facts;

23 (b) Whether defendants' statements omitted material facts necessary in order to
24 make the statements made, in light of the circumstances under which they were made, not
25 misleading;

26 (c) Whether defendants knew or had reasonable grounds to believe that their
27 statements were false or misleading;

28

1 (d) Whether defendants' statements were made for inducing the purchase of Uber
2 securities by others; and

3 (e) The extent of damage sustained by class members.

4 111. A class action is superior to all other available methods for the fair and efficient
5 adjudication of this controversy since joining all members is impracticable, and this action will be
6 manageable as a class action.

7 **COUNT**

8 **For Violation of Cal. Corp. Code §§25400(d) and 25500**
9 **Against All Defendants**

10 112. Plaintiff repeats and realleges the allegations contained above as if fully set forth
11 herein.

12 113. Defendants directly and/or indirectly, for the purpose of inducing the purchase of
13 Uber securities by others, made or materially participated in making false and misleading statements
14 of material fact and/or omitted to state material facts necessary in order to make the statements
15 made, in light of the circumstances under which they were made, not misleading. These
16 misrepresented and omitted material facts include, but are not limited to, an extensive advertising
17 campaign that employed press releases, interviews with the media, and extensive social media,
18 including web pages, in which they made statements that were materially false, misleading or
19 contained material omissions.

20 114. Defendants made these statements with the intent to induce the purchase of Uber
21 securities by others.

22 115. Defendants knew or had reasonable grounds to believe that these statements and
23 omissions were false and misleading.

24 116. As a direct and proximate result of the fraudulent conduct of defendants, plaintiff and
25 the Class have been damaged.

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PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment as follows:

- A. Determining that this action is a proper class action, certifying plaintiff as Class Representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Class Counsel;
- B. Awarding compensatory damages in favor of plaintiff and the other class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- D. Awarding such other and further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.