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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 _____, Individually and on behalf of
12 all others similarly situated,

13 Plaintiff,

14 v.

15 TUFIN SOFTWARE
16 TECHNOLOGIES LTD., REUVEN
17 KITOV, JACK WAKILEH, REUVEN
18 HARRISON, OHAD FINKELSTEIN,
19 EDOUARD CUKIERMAN, YAIR
20 SHAMIR, RONNI ZEHAVI, YUVAL
21 SHACHAR, J.P. MORGAN
22 SECURITIES LLC, BARCLAYS
23 CAPITAL INC., JEFFERIES LLC,
24 OPPENHEIMER & CO. INC.,
25 ROBERT W. BAIRD & CO.
26 INCORPORATED, PIPER JAFFRAY
27 & CO., STIFEL, NICOLAUS &
28 COMPANY, INCORPORATED,
WILLIAM BLAIR & COMPANY,
L.L.C., and D.A. DAVIDSON & CO.,

Defendants.

No.

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS**

CLASS ACTION

JURY TRIAL DEMANDED

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other
2 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
3 complaint against Defendants (defined below), alleges the following based upon
4 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and
5 belief as to all other matters, based upon, *inter alia*, the investigation conducted
6 by and through his attorneys, which included, among other things, a review of the
7 Defendants’ public documents, conference calls and announcements made by
8 Defendants, public filings, wire and press releases published by and regarding
9 Tufin Software Technologies Ltd. (“Tufin” or the “Company”), and information
10 readily obtainable on the Internet. Plaintiff believes that substantial evidentiary
11 support will exist for the allegations set forth herein after a reasonable
12 opportunity for discovery.

13 **NATURE OF THE ACTION**

14 1. Plaintiff brings this securities class action on behalf of persons who
15 purchased or otherwise acquired Tufin’s securities pursuant and/or traceable to
16 the registration statement and related prospectus (collectively, the “Registration
17 Statement”) issued in connection with Tufin’s April 2019 initial public offering
18 (the “IPO” or “Offering”), seeking to recover compensable damages caused by
19 Defendants’ violations of the Securities Act of 1933 (the “Securities Act”).
20

21 2. In April 2019, Defendants held the IPO, issuing approximately 7.7
22 million ordinary shares to the investing public at \$14.00 per share, pursuant to the
23 Registration Statement.
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1 9. Plaintiff, as set forth in the accompanying Certification, purchased
2 the Company's securities at artificially inflated prices during the Class Period and
3 was damaged upon the revelation of the alleged corrective disclosure.

4 10. Defendant Tufin, develops, markets, and sells software-based
5 solutions primarily in the United States, Europe, and Asia. It offers SecureTrack,
6 SecureChange, and SecureApp products that enable enterprises to visualize,
7 define, and enforce their security policy across heterogeneous networks, on
8 premise and in the cloud. The Company also provides Orca and Iris products,
9 which provide cloud-based security automation solutions in response to the
10 growth of containers and cloud-native environments.

11 11. The Company is incorporated in Israel and its head office is located
12 at 5 HaShalom Road, ToHa Tower, Tel Aviv, Israel 6789205. Tufin's securities
13 trade on NASDAQ under the ticker symbol "TUFN". The Company's registered
14 agent is Tufin Software North America, Inc. with its address at 2 Oliver Street,
15 Suite 702, Boston, Massachusetts 02109-4901.

16 12. Defendant Reuven Kitov ("Kitov"), a Co-Founder of Tufin, served
17 as the Company's Chief Executive Officer ("CEO") and Chairman of the Board
18 at the time of the IPO, and signed or authorized the signing of the Offering
19 Documents filed with the SEC.

20 13. Defendant Jack Wakileh ("Wakileh") served as Tufin's Chief
21 Financial Officer at the time of the IPO, and signed or authorized the signing of
22 the Offering Documents filed with the SEC.
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1 14. Defendant Reuven Harrison (“Harrison”), a Co-Founder of Tufin,
2 served as Tufin’s Chief Technology Officer and a Director at the time of the IPO,
3 and signed or authorized the signing of the Offering Documents filed with the
4 SEC.

5 15. Defendant Ohad Finkelstein (“Finkelstein”) served as a Director of
6 Tufin at the time of the IPO, and signed or authorized the signing of the Offering
7 Documents filed with the SEC.

8 16. Defendant Edouard Cukierman (“Cukierman”) served as a Director
9 of Tufin at the time of the IPO, and signed or authorized the signing of the
10 Offering Documents filed with the SEC.

11 17. Defendant Yair Shamir (“Shamir”) served as a Director of Tufin at
12 the time of the IPO, and signed or authorized the signing of the Offering
13 Documents filed with the SEC.

14 18. Defendant Ronni Zehavi (“Zehavi”) served as a Director of Tufin at
15 the time of the IPO, and signed or authorized the signing of the Offering
16 Documents filed with the SEC.

17 19. Defendant Yuval Shachar (“Shachar”) served as a Director of Tufin
18 at the time of the IPO, and signed or authorized the signing of the Offering
19 Documents filed with the SEC.

20 20. Defendants Kitov, Wakileh, Harrison, Finkelstein, Cukierman,
21 Shamir, Zehavi, and Shachar are collectively referred to herein as the “Individual
22 Defendants.”
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1 21. The Defendants named in ¶¶ 12-20 are referred to herein as the
2 “Individual Defendants.” The Individual Defendants signed the Registration
3 Statement, solicited the investing public to purchase securities issued pursuant
4 thereto, hired and assisted the underwriters, planned and contributed to the IPO
5 and Registration Statement, and attended road shows and other promotions to
6 meet with and present favorable information to potential Tufin investors, all
7 motivated by their own and the Company’s financial interests.

8 22. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) is an
9 investment banking firm and acted as an underwriter of Tufin’s IPO, helping to
10 draft and disseminate the IPO documents. J.P. Morgan’s address is 277 Park Ave,
11 New York, NY 10172.

12 23. Defendant Barclays Capital Inc. (“Barclays”) is an investment
13 banking firm and acted as an underwriter of Tufin’s IPO, helping to draft and
14 disseminate the IPO documents. Barclays’ address is 745 7th Ave, New York,
15 NY 10019.

16 24. Defendant Jefferies LLC (“Jefferies”) is an investment banking firm
17 and acted as an underwriter of Tufin’s IPO, helping to draft and disseminate the
18 IPO documents. Jefferies’ address is 520 Madison Ave 10th floor, New York,
19 NY 10022.

20 25. Defendant Oppenheimer & Co. Inc. (“Oppenheimer”) is an
21 investment banking firm and acted as an underwriter of Tufin’s IPO, helping to
22 draft and disseminate the IPO documents. Oppenheimer’s address is 85 Broad St,
23 New York, NY 10004.
24

1 32. Pursuant to the Securities Act, the Underwriter Defendants are liable
2 for the false and misleading statements in the Registration Statement as follows:

3 (a) The Underwriter Defendants are investment banking houses that
4 specialize in, among other things, underwriting public offerings of
5 securities. They served as the underwriters of the IPO and shared millions
6 of dollars in fees collectively. The Underwriter Defendants arranged a
7 multi-city roadshow prior to the IPO during which they, and
8 representatives from Tufin, met with potential investors and presented
9 highly favorable information about the Company, its operations and its
10 financial prospects.

11 (b) The Underwriter Defendants also demanded and obtained an
12 agreement from Tufin and the Individual Defendants that Tufin would
13 indemnify and hold the Underwriter Defendants harmless from any
14 liability under the federal securities laws.

15 (c) Representatives of the Underwriter Defendants also assisted Tufin
16 and the Individual Defendants in planning the IPO, and purportedly
17 conducted an adequate and reasonable investigation into the business and
18 operations of Tufin, an undertaking known as a “due diligence”
19 investigation. The due diligence investigation was required of the
20 Underwriter Defendants in order to engage in the IPO. During the course
21 of their “due diligence,” the Underwriter Defendants had continual access
22 to internal, confidential, current corporate information concerning Tufin’s
23 most up-to-date operational and financial results and prospects.
24

1 (d) In addition to availing themselves of virtually unlimited access to
2 internal corporate documents, agents of the Underwriter Defendants met
3 with Tufin’s lawyers, management and top executives and engaged in
4 “drafting sessions.” During these sessions, understandings were reached as
5 to: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO,
6 including the price at which Tufin securities would be sold; (iii) the
7 language to be used in the Registration Statement; what disclosures about
8 Tufin would be made in the Registration Statement; and (iv) what
9 responses would be made to the SEC in connection with its review of the
10 Registration Statement. As a result of those constant contacts and
11 communications between the Underwriter Defendants’ representatives and
12 Tufin’s management and top executives, the Underwriter Defendants knew
13 of, or in the exercise of reasonable care should have known of, Tufin’s
14 existing problems as detailed herein.

15 (e) The Underwriter Defendants caused the Registration Statement to be
16 filed with the SEC and declared effective in connection with the offers and
17 sales of securities registered thereby, including those to Plaintiff and the
18 other members of the Class.

19 33. The Company, the Individual Defendants, and the Underwriter
20 Defendants are referred to herein, collectively, as the “Defendants.”

21 **SUBSTANTIVE ALLEGATIONS**

22 **Tufin’s False and/or Misleading Registration Statement**

23 34. On March 6, 2019, Tufin filed a registration statement on Form F-1
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1 with the SEC in connection with the IPO, which, after amendments, was declared
2 effective on April 10, 2019.

3 35. On April 11, 2019, Tufin filed a prospectus for the IPO on Form
4 424B4, which formed part of the Registration Statement. That same day, Tufin
5 commenced its IPO pursuant to the Offering Documents, and its securities began
6 trading on the NYSE under the ticker symbol “TUFN.”

7 36. For the fiscal year ended December 31, 2018, the Offering
8 Documents reported revenues from the Americas of \$48.27 million, comprising
9 56.8% of Tufin’s total revenues, compared to \$35.02 million, or 54.3% of total
10 revenues, for December 31, 2017, showing superior revenue generation from the
11 Americas relative to other geographic segments, and also substantial growth in
12 that geographic segment.

13 37. The Offering Documents also touted that “[t]he Americas accounted
14 for the majority of our revenues in each of the years ended December 31, 2017
15 and 2018, nearly all of which were generated in the United States” – i.e., North
16 America.

17 38. The Offering Documents attributed increased revenues “primarily
18 due to increased sales of our products and services from new customers . . . and
19 existing customers . . . across all regions,” which the Company stated “was most
20 pronounced in the Americas.”

21 39. Additionally, the Offering Documents touted Tufin’s strong customer
22 relationships and technology products which were a core part of the Company’s
23 growth strategy. For example, with respect to the quality of Tufin’s customer
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1 relationships, the Offering Documents touted that, “[s]ince [Tufin’s] inception,
2 [the Company’s] solutions have been purchased by over 2,000 customers in over
3 70 countries, including approximately 15% of the Global 2000”; that “[r]evenue
4 generated from our Global 2000 customers, excluding maintenance renewals,
5 represented an average of 65% of our total revenue over the fiscal years ended
6 December 31, 2016 to 2018”; and that Defendants “believe we have a significant
7 growth opportunity with Global 2000 customers that currently lack a security
8 policy management solution or that use a competing product that lacks
9 automation.”

10 40. The Offering Documents also contained merely generic, boilerplate
11 representations regarding seasonality in Tufin’s sales, noting that Tufin’s “sales
12 cycle is long and unpredictable, which may cause significant fluctuations in [its]
13 quarterly results of operations”; that “[t]he loss or delay of one or more large
14 transactions in a quarter could impact our anticipated results of operations for that
15 quarter and future quarters for which revenue from that transaction is delayed”;
16 and that the Company “may not be able to accurately predict or forecast the timing
17 of sales, which could cause our results to vary significantly from our expectations
18 and the expectations of market analysts.” These risk warnings were generic
19 “catch-all” provisions which were not tailored to Tufin’s actual known risks with
20 respect to the sustainability of its customer relationships and financial prospects,
21 particularly in North America.
22

23 41. The statements referenced in ¶¶34-40 above were materially false
24 and/or misleading because they misrepresented and failed to disclose the
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1 following adverse facts pertaining to the Company's business, operational and
2 financial results, which were known to Defendants or recklessly disregarded by
3 them. Specifically, Defendants made false and/or misleading statements and/or
4 failed to disclose that: (1) Tufin's customer relationships and growth metrics were
5 overstated, particularly with respect to North America; (2) Tufin's business was
6 deteriorating, primarily in North America; (3) as a result, Tufin's representations
7 regarding its sustainable financial prospects were overly optimistic; and (4) as a
8 result, the Offering Documents were materially false and/or misleading and failed
9 to state information required to be stated therein.

10 42. Then on January 9, 2020, less than a year after the IPO, Tufin
11 announced preliminary unaudited revenue and non-GAAP operating loss
12 estimates for its fourth fiscal quarter of 2019. Tufin announced that it expected
13 to report total revenue in the range of \$29.5 million to \$30.1 million, compared to
14 its previous guidance of total revenue in the range of \$34.0 million to \$38.0
15 million, and that Tufin now anticipated non-GAAP operating loss in the range of
16 \$1.1 million to \$2.6 million, compared to the Company's previous guidance of
17 non-GAAP operating profit in the range of \$0.0 million to \$3.0 million.
18 According to Defendant Kitov, "[t]he primary reason for our revenue shortfall
19 was our inability to close a number of transactions, primarily in North America,
20 that we anticipated would close but did not close by the end of the quarter."

21 43. Following this news, Tufin's share price fell \$4.14 per share, or
22 24.04%, to close at \$13.08 per share on January 9, 2020.

23 44. As of the time this Complaint was filed, Tufin ordinary shares
24

1 continue to trade significantly below the IPO price of \$14.00 per share.

2 45. As a result of Defendants' wrongful acts and omissions, and the
3 precipitous decline in the market value of the Company's securities, Plaintiff and
4 other Class members have suffered significant losses and damages.

5 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

6 46. Plaintiff brings this action as a class action on behalf of all those
7 who purchased Tufin securities pursuant and/or traceable to the Registration
8 Statement (the "Class"). Excluded from the Class are Defendants and their
9 families, the officers and directors and affiliates of Defendants, at all relevant
10 times, members of their immediate families and their legal representatives, heirs,
11 successors or assigns and any entity in which Defendants have or had a
12 controlling interest.

13 47. The members of the Class are so numerous that joinder of all
14 members is impracticable. While the exact number of Class members is unknown
15 to Plaintiff at this time and can only be ascertained through appropriate
16 discovery, Plaintiff believes that there are at least thousands of members in the
17 proposed Class. Record owners and other members of the Class may be identified
18 from records maintained by Tufin or its transfer agent and may be notified of the
19 pendency of this action by mail, using the form of notice similar to that
20 customarily used in securities class actions.

21 48. Plaintiff's claims are typical of the claims of the members of the
22 Class, as all members of the Class are similarly affected by Defendants' wrongful
23 conduct in violation of federal law that is complained of herein.
24

1 49. Plaintiff will fairly and adequately protect the interests of the
2 members of the Class and has retained counsel competent and experienced in
3 class and securities litigation. Plaintiff has no interests antagonistic to or in
4 conflict with those of the Class.

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

- 8 a) whether Defendants violated the Securities Act;
- 9 b) whether the Registration Statement contained false or
10 misleading statements of material fact and omitted material
11 information required to be stated therein; and
- 12 c) to what extent the members of the Class have sustained
13 damages and the proper measure of damages.

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

21
22 **COUNT I**

23 **Violations of Section 11 of the Securities Act**

24 **Against All Defendants**

1 52. Plaintiff repeats and realleges each and every allegation contained
2 above as if fully set forth herein.

3 53. This Count is brought pursuant to §11 of the Securities Act, 15
4 U.S.C. §77k, on behalf of the Class, against all Defendants.

5 54. The Registration Statement contained untrue statements of material
6 facts, omitted to state other facts necessary to make the statements made not
7 misleading, and omitted to state material facts required to be stated therein.

8 55. Defendants are strictly liable to Plaintiff and the Class for the
9 misstatements and omissions.

10 56. None of the Defendants named herein made a reasonable
11 investigation or possessed reasonable grounds for the belief that the statements
12 contained in the Registration Statement were true and without omissions of any
13 material facts and were not misleading.

14 57. By reason of the conduct herein alleged, each Defendant violated or
15 controlled a person who violated §11 of the Securities Act.

16 58. Plaintiff acquired Tufin securities pursuant to the Registration
17 Statement.

18 59. At the time of their purchases of Tufin securities, Plaintiff and other
19 members of the Class were without knowledge of the facts concerning the
20 wrongful conduct alleged herein and could not have reasonably discovered those
21 facts prior to the disclosures herein.

22 60. This claim is brought within one year after discovery of the untrue
23 statements and/or omissions in the Offering that should have been made and/or
24

1 corrected through the exercise of reasonable diligence, and within three years of
2 the effective date of the Offering. It is therefore timely.

3 **COUNT II**

4 **Violations of Section 12(a)(2) of the Securities Act**

5 **Against All Defendants**

6 61. Plaintiff repeats and realleges each and every allegation contained in
7 the foregoing paragraphs as if fully set forth herein.

8 62. By means of the defective Prospectus, Defendants promoted,
9 solicited, and sold Tufin securities to Plaintiff and other members of the Class.

10 63. The Prospectus for the IPO contained untrue statements of material
11 fact, and concealed and failed to disclose material facts, as detailed above.
12 Defendants owed Plaintiff and the other members of the Class who purchased
13 Tufin securities pursuant to the Prospectus the duty to make a reasonable and
14 diligent investigation of the statements contained in the Prospectus to ensure that
15 such statements were true and that there was no omission to state a material fact
16 required to be stated in order to make the statements contained therein not
17 misleading. Defendants, in the exercise of reasonable care, should have known of
18 the misstatements and omissions contained in the Prospectus as set forth above.

19 64. Plaintiff did not know, nor in the exercise of reasonable diligence
20 could Plaintiff have known, of the untruths and omissions contained in the
21 Prospectus at the time Plaintiff acquired Tufin securities.

22 65. By reason of the conduct alleged herein, Defendants violated
23 §12(a)(2) of the Securities Act, 15 U.S.C. §771(a)(2). As a direct and proximate
24

1 result of such violations, Plaintiff and the other members of the Class who
2 purchased Tufin securities pursuant to the Prospectus sustained substantial
3 damages in connection with their purchases of the shares. Accordingly, Plaintiff
4 and the other members of the Class who hold the securities issued pursuant to the
5 Prospectus have the right to rescind and recover the consideration paid for their
6 shares, and hereby tender their securities to Defendants sued herein. Class
7 members who have sold their securities seek damages to the extent permitted by
8 law.

9 66. This claim is brought within one year after discovery of the untrue
10 statements and/or omissions in the Offering that should have been made and/or
11 corrected through the exercise of reasonable diligence, and within three years of
12 the effective date of the Offering. It is therefore timely.

13 **COUNT III**

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

15 **Against the Individual Defendants**

16 67. Plaintiff repeats and realleges each and every allegation contained in
17 the foregoing paragraphs as if fully set forth herein.

18 68. This cause of action is brought pursuant to §15 of the Securities Act,
19 15 U.S.C. §77o against all Defendants except the Underwriter Defendants.

20 69. The Individual Defendants were controlling persons of Tufin by
21 virtue of their positions as directors or senior officers of Tufin. The Individual
22 Defendants each had a series of direct and indirect business and personal
23

1 relationships with other directors and officers and major shareholders of Tufin.
2 The Company controlled the Individual Defendants and all of Tufin's employees.

3 70. Tufin and the Individual Defendants were culpable participants in
4 the violations of §§11 and 12(a)(2) of the Securities Act as alleged above, based
5 on their having signed or authorized the signing of the Registration Statement and
6 having otherwise participated in the process which allowed the IPO to be
7 successfully completed.

8 71. This claim is brought within one year after discovery of the untrue
9 statements and/or omissions in the Offering that should have been made and/or
10 corrected through the exercise of reasonable diligence, and within three years of
11 the effective date of the Offering. It is therefore timely.

12 **PRAYER FOR RELIEF**

13 **WHEREFORE**, Plaintiff, on behalf of himself and the Class, prays for
14 judgment and relief as follows:

15 (a) declaring this action to be a proper class action, designating Plaintiff
16 as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of
17 the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead
18 Counsel;

19 (b) awarding damages in favor of Plaintiff and the other Class members
20 against all defendants, jointly and severally, together with interest thereon;

21 (c) awarding plaintiff and the Class reasonable costs and expenses
22 incurred in this action, including counsel fees and expert fees; and
23

1 (d) awarding plaintiff and other members of the Class such other and
2 further relief as the Court may deem just and proper.

3 **JURY TRIAL DEMANDED**

4 Plaintiff hereby demands a trial by jury.

6 **THE ROSEN LAW FIRM, P.A.**

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