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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 YAYYO, INC., RAMY
16 EL-BATRAWI, JONATHAN ROSEN,
17 KEVIN PICKARD, HARBANT S.
18 SIDHU, JEFFREY GUZY,
19 CHRISTOPHER MIGLINO, PAUL
20 RICHTER, AEGIS CAPITAL CORP.,
and WESTPARK CAPITAL, INC.,

21 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 by
6 and through his attorneys, which included, among other things, a review of the
7 Defendants’ public documents, announcements, public filings, wire and press
8 releases published by and regarding YayYo, Inc. (“YayYo,” or the “Company”),
9 and information readily obtainable on the Internet. Plaintiff believes that
10 substantial evidentiary support will exist for the allegations set forth herein after a
11 reasonable opportunity for discovery.

12 **NATURE OF THE ACTION**

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

20 2. In November 2019, Defendants held the IPO, issuing approximately
21 2,625,000 shares to the investing public at \$4.00 per share, pursuant to the
22 Registration Statement.

23 3. By the commencement of this action, the Company’s shares trade
24 significantly below the IPO price. As a result, investors were damaged.

25 **JURISDICTION AND VENUE**

26 4. The claims alleged herein arise under and pursuant to Sections 11,
27 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§77k, 771(a)(2) and 77o.
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1 20, 2020 under the ticker symbol “YAYO.” Following its delisting from the
2 NASDAQ exchange, YayYo securities have traded on the OTC Pink market since
3 February 20, 2020 under the ticker symbol “YAYO.”

4 12. Defendant Ramy El-Batrawi (“El-Batrawi”) founded YayYo and
5 served as its Chief Executive Officer (“CEO”) from the inception of the Company
6 until October 4, 2018, then as Acting CEO from November 17, 2018 to February
7 1, 2019, and as a member of the Company’s Board of Directors (the “Board”)
8 between November 2016 and September 2019. Due to his checkered past, at the
9 insistence of the NASDAQ Defendant El-Batrawi resigned all positions at YayYo
10 in September 2019 so that the Company could be taken public. On January 26,
11 2020, Defendant El-Batrawi purports to have been reappointed CEO of YayYo and
12 as a member of its Board.

13 13. Defendant Jonathan Rosen (“Rosen”) was at the time of the IPO
14 YayYo's CEO.

15 14. Defendant Kevin F. Pickard (“Pickard”) was at the time of the IPO
16 YayYo's Chief Financial Officer, Secretary, and a member of its Board.

17 15. Defendant Jeffrey J. Guzy (“Guzy”) was at the time of the IPO a
18 member of the Company’s Board.

19 16. Defendant Christopher Miglino (“Miglino”) was at the time of the IPO
20 a member of the Company’s Board.

21 17. Defendant Harbant S. Sidhu (“Sidhu”) was at the time of the IPO a
22 member of the Company’s Board.

23 18. Defendant Paul Richter (“Richter”) was at the time of the IPO a
24 member of the Company’s Board.

25 19. Defendants El-Batrawi, Rosen, Pickard, Guzy, Miglino, Sidhu, and
26 Richter are sometimes referred to herein as the “Individual Defendants.”
27
28

1 20. Each of the Individual Defendants signed or authorized the signing of
2 the Registration Statement, solicited the investing public to purchase securities
3 issued pursuant thereto, hired and assisted the underwriters, planned and
4 contributed to the IPO and Registration Statement, and attended road shows and
5 other promotions to meet with and present favorable information to potential
6 YayYo investors, all motivated by their own and the Company's financial interests.

7 21. Defendant Westpark Capital, Inc., ("Westpark") is an investment
8 banking firm that acted as an underwriter of the Company's IPO, helping to draft
9 and disseminate the IPO documents. Westpark's corporate headquarters is located
10 at 1900 Avenue of The Stars, Third Floor, Los Angeles, CA 90067.

11 22. Defendant Aegis Capital Corporation ("Aegis") is an investment
12 banking firm that acted as an underwriter of the Company's IPO, helping to draft
13 and disseminate the IPO documents. Aegis' address is 810 7th Avenue, New York,
14 NY 10019.

15 23. Defendants Westpark and Aegis are referred to herein as the
16 "Underwriter Defendants."

17 24. Pursuant to the Securities Act, the Underwriter Defendants are liable
18 for the false and misleading statements in the Registration Statement as follows:

19 (a) The Underwriter Defendants are investment banking houses that
20 specialize in, among other things, underwriting public offerings of securities. They
21 served as the underwriters of the IPO and shared substantial fees from the IPO
22 collectively. The Underwriter Defendants arranged a roadshow prior to the IPO
23 during which they, and representatives from the Company, met with potential
24 investors and presented highly favorable information about the Company, its
25 operations and its financial prospects.

26 (b) The Underwriter Defendants also obtained an agreement from the
27 Company and the Individual Defendants that YayYo would indemnify and hold
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1 the Underwriter Defendants harmless from any liability under the federal securities
2 laws.

3 (c) Representatives of the Underwriter Defendants also assisted the
4 Company and the Individual Defendants in planning the IPO, and purportedly
5 conducted an adequate and reasonable investigation into the business and
6 operations of the Company, an undertaking known as a “due diligence”
7 investigation. The due diligence investigation was required of the Underwriter
8 Defendants in order to engage in the IPO. During the course of their “due
9 diligence,” the Underwriter Defendants had continual access to internal,
10 confidential, current corporate information concerning the Company’s most up-to-
11 date operational and financial results and prospects.

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

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26 25. The Underwriter Defendants caused the Registration Statement to be
27 filed with the SEC and declared effective in connection with the offers and sales of
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1 securities registered thereby, including those to Plaintiff and the other members of
2 the Class

3 26. The Company, the Individual Defendants, and the Underwriter
4 Defendants are referred to herein, collectively, as the “Defendants.”

5 **SUBSTANTIVE ALLEGATIONS**

6 **Background**

7 27. In June 2016, Defendant El-Batrawi incorporated YayYo in Delaware.

8 28. Defendant El-Batrawi has a checkered past. On April 13, 2006,
9 Defendant El-Batrawi was named, along with other officers, directors, and/or
10 associates of Genesis Intermedia, Inc., as defendants in a SEC enforcement action.
11 In the SEC's complaint filed in *SEC v. El-Batrawi, et al.*, Case No. 2:06-cv-02247-
12 CAS-VBK (C.D. Cal.), the SEC charged Defendant El-Batrawi with violations of
13 Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the
14 Securities and Exchange Act of 1934, in connection with a stock loan and
15 manipulation scheme. The SEC enforcement action alleged, among other things,
16 that the defendants had violated antifraud provisions of federal securities laws by
17 orchestrating a scheme to manipulate the stock price of Genesis Intermedia, Inc., a
18 now-defunct public company that was also based in California. On April 1, 2010,
19 Defendant El-Batrawi settled the SEC enforcement action by entering into a final
20 judgment by consent with the SEC. In connection with the settlement of the SEC
21 enforcement action charges, the U.S. District Court for the Central District of
22 California entered a consent decree against Defendant El-Batrawi, which, among
23 other things, barred him from acting as an officer or director of a public company
24 for a period of five years following the date of entry of the final judgment by
25 consent.
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27 29. As Defendants prepared to take YayYo public in the IPO, given
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1 Defendant El-Batrawi's history of securities law violations, the NASDAQ refused
2 to permit a listing of the Company's shares unless Defendant El-Batrawi resigned
3 from his positions and relinquished all authority and control over YayYo prior to
4 the effective date of the IPO. Defendant Rosen was hired by the Company in
5 February 2019 and appointed as CEO in October 2019.

6 **YayYo's False and/or Misleading Registration Statement**

7 30. On April 30, 2018, YayYo filed with the SEC a registration statement
8 on Form S-1, which in combination with subsequent amendments on Forms S-1/A
9 and filed pursuant to Rule 424(b)(4), are collectively referred to the Registration
10 Statement and issued in connection with the IPO.

11 31. On November 14, 2019, YayYo filed with the SEC the final prospectus
12 for the IPO of common stock on Form 424B4 (the "Prospectus"), which forms part
13 of the Registration Statement. In the IPO, YayYo sold 2,625,000 shares at \$4.00
14 per share, purportedly the "[t]otal gross proceeds from the offering were
15 \$10,500,000[.]"

16 32. The Registration Statement was negligently prepared and, as a result,
17 contained untrue statements of material facts or omitted to state other facts
18 necessary to make the statements made not misleading, and was not prepared in
19 accordance with the rules and regulations governing its preparation.

20 33. The Registration Statement stated the following, in pertinent part,
21 regarding Defendant El-Batrawi's role with the Company:

22 ***On October 4, 2018, Mr. El-Batrawi resigned as Chief Executive***
23 ***Officer.*** He then was appointed Acting Chief Executive Officer on
24 ***November 17, 2018. On February 1, 2019, Mr. El-Batrawi resigned***
25 ***from his position as Acting Chief Executive Officer of the Company***
26 ***upon the appointment of Jonathan Rosen as Chief Executive Officer.***
27 ***Mr. El-Batrawi resigned as our director effective as of September 1,***
28 ***2019.***

1 (Emphasis added.)

2 34. The Registration Statement claimed that Defendant Rosen was
3 operating independently as CEO and stated, in pertinent part:

4 We depend on a small number of executive officers and other members
5 of management to work effectively as a team, to execute our business
6 strategy and operating business segments, and to manage employees
7 and consultants. ***Our success will be dependent on the personal
8 efforts of our Chief Executive Officer, our directors and such other
9 key personnel.*** Any of our officers or employees can terminate his or
10 her employment relationship at any time, and the loss of the services
11 of such individuals could have a material adverse effect on our
12 business and prospects. ***Mr. El-Batrawi, the founder and original
13 Chairman of the Board and original Chief Executive Officer of the
14 Company from its incorporation of the Company, resigned from all
15 positions with the Company as a condition for being approved for
16 listing on The Nasdaq Capital Market.***

14 (Emphasis added.)

15 35. The Registration Statement stated the following, in pertinent part,
16 regarding the purported sale of Defendant El-Batrawi's equity ownership:

17 ***As a condition to approving the Company's common stock for listing
18 on The Nasdaq Capital Market, X, LLC, an entity that is wholly-
19 owned and controlled by Ramy El-Batrawi, our founder and former
20 Chief Executive Officer and former director, agreed to sell
21 12,525,000 of its 15,425,000 shares of common stock. The
22 12,525,000 shares (the "Private Shares") were sold pursuant to an
23 exemption from registration to four existing Company shareholders
24 who qualify as accredited investors (as that term is defined in
25 Securities Act Rule 501(a)). The Private Shares were sold at \$3.00 per
26 share in exchange for non-recourse, non-interest-bearing promissory
27 notes with maturities ranging from one year to eighteen months. As a
28 result of the sale, X, LLC's beneficial ownership shall be reduced to
9.9% of the shares outstanding after the completion of this Offering.***
We will not receive any proceeds from the sale of the Private Shares.
If the offering contemplated by this registration statement is not
consummated by January 31, 2020, the parties have agreed to unwind

1 the sale of the Private Shares transaction in compliance with applicable
2 law. Mr. El-Batrawi has also entered into a Voting Trust Agreement
3 (the “Trust”) pursuant to which the voting power of all of his
4 remaining 2,900,000 shares of common stock will be controlled by a
5 trustee who will use the voting power of the common stock held in the
6 Trust to vote on all matters presented for a vote of stockholders in the
7 same proportion that the shares of common stock not subject to the
8 Trust voted on such matters.

9 * * *

10 ***Mr. El-Batrawi has entered into a Voting Trust Agreement (the***
11 ***“Trust”) pursuant to which the voting power of all of his outstanding***
12 ***common stock will be controlled by a trustee*** who will use the voting
13 power of the common stock held in the Trust to vote on all matters
14 presented for a vote of stockholders in the same proportion that the
15 shares of common stock not subject to the Trust voted on such matters.
16 The Trust shall be irrevocable, and shall terminate upon the earlier of
17 (a) the written agreement of the Company, the trustee and a duly
18 authorized representative of Nasdaq, or (b) the date upon which the
19 Company is not listed on a security exchange controlled by Nasdaq.

20 * * *

21 **Voting Trust**

22 ***Mr. El-Batrawi has entered into a Voting Trust Agreement pursuant***
23 ***to which the voting power of all of his outstanding common stock***
24 ***will be controlled by a trustee who will use the voting power of the***
25 ***common stock held in the Trust to vote on all matters, other than***
26 ***certain extraordinary matters***, presented for a vote of stockholders in
27 the same proportion that the shares of common stock not subject to the
28 Trust voted on such matters. Mr. El-Batrawi’s entrance into the Voting
Trust Agreement is a condition for the Company’s approval for listing
on The Nasdaq Capital Market.

The Trust shall be irrevocable, and shall terminate upon the earlier of
(a) the written agreement of the Company, the trustee and a duly
authorized representative of Nasdaq, or (b) the date upon which the
Company is not listed on a security exchange controlled by Nasdaq.

1 *The trustee, initially one of our directors, Harbant S. Sidhu, shall*
 2 *have discretion to vote the Trust's shares on all extraordinary*
 3 *matters which shall include any merger, consolidation, business*
 4 *combination, share exchange, restructuring, recapitalization or*
 5 *acquisition involving the Company or any similar transaction or the*
 6 *sale, lease, exchange, pledge, mortgage or transfer of all or a*
 7 *material portion of the Company's assets.*

8 * * *

9 To the best of our knowledge, except as otherwise indicated, *each of*
 10 *the persons named in the table has sole voting and investment power*
 11 *with respect to the shares of our common stock beneficially owned*
 12 *by such person*, except to the extent such power may be shared with a
 13 spouse. To our knowledge, none of the shares listed below are held
 14 under a voting trust or similar agreement, except as noted. *To our*
 15 *knowledge, there is no arrangement, including any pledge by any*
 16 *person of securities of the Company, the operation of which may at*
 17 *a subsequent date result in a change in control of the Company.*

<u>Name and Address of Beneficial Owner</u>	<u>Title</u>	<u>Beneficially Owned</u>	<u>Percent of Class Before Offering</u>	<u>Percent of Class After Offering</u>
Officers and Directors ⁽¹⁾				
Jonathan Rosen	Chief Executive Officer	—	—	—
Kevin F. Pickard ⁽²⁾	Chief Financial Officer and Director	300,000	1.1%	1.0%
Laurie DiGiovanni	Chief Operating Officer	—	—	—
Jeffrey J. Guzy	Director	—	—	—
Christopher Miglino	Director	—	—	—
Harbant S. Sidhu	Director	—	—	—
Paul Richter	Director	—	—	—
Officers and Directors as a Group (total of 7 persons)		300,000	1.1%	1.0%
5% Stockholders				
X, LLC ^{(3) (5)}		2,900,000	10.8%	9.9%
Gray Mars Venus Trust, Arizona 2015 ^{(4) (5)}		10,325,000	38.5%	35.1%
Bellridge Capital, L.P. ^{(5) (6)}		2,400,000	8.5%	7.87%
David Haley ^{(5) (7)}		2,844,945	10.6%	9.7%
James Malackowski ^{(5) (8)}		2,758,824	10.3%	9.4%
John O'Hurley ^{(5) (9)}		2,018,750	7.5%	6.9%
Acuitas Group Holdings, LLC ^{(5) (10)}		1,654,412	6.2%	5.6%

1 (Emphasis added.)

2 36. The Registration Statement stated the following, in pertinent part,
3 regarding “Use of Proceeds” from the IPO:

4 We currently intend to use the net proceeds to us from this primary
5 offering to purchase vehicles to add to our fleet of passenger vehicles
6 made available for rent through our wholly-owned subsidiary, Distinct
7 Cars, and for general corporate purposes, including working capital
and sales and marketing activities.

8 * * *

9
10 The principal purposes of this primary offering are to increase our
11 capitalization and financial flexibility, increase our visibility in the
12 marketplace and create a public market for our common stock. As of
13 the date of this prospectus, we cannot specify with certainty all of the
14 particular uses for the net proceeds to us from this primary offering.
15 However, we currently intend to use the net proceeds to us from this
16 primary offering to add to our fleet of passenger vehicles made
17 available for rent through the Company’s wholly-owned subsidiary,
18 Distinct Cars, and for general corporate purposes, including working
19 capital, sales and marketing activities. We may also use a portion of
the net proceeds for the acquisition of, or investment in, technologies,
solutions or businesses that complement our business, although we
have no present commitments or agreements to enter into any
acquisitions or investments.

20 37. The Registration Statement stated the following, in pertinent part,
21 regarding Anthony Davis, its former President, CEO, and Director of YayYo:

- 22
- 23 • Anthony Davis was the “Former President, Chief Executive
24 Officer, Director[,]” having served in those capacities between
25 2017 and 2018 and was paid \$20,000 in salary;
 - 26 • That “[o]n December 1, 2016 . . . Mr. Davis . . . received non-
27 qualified stock options expiring on December 31, 2018, entitling
28 [him] to purchase 100,000 shares of Company common stock at
an exercise price of \$1.00 per share at any time on or after June
1, 2017”; and

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- That “[o]n November 29, 2016, the Company and Mr. Davis, a former executive officer of the Company, entered into an offer of employment agreement with the Company setting forth an initial base salary for Mr. Davis's first three months of service and performance under his term of employment with the Company. As set forth under the employment offer, Mr. Davis was entitled to receive (i) \$15,000 for his service in the month of December 2016, (ii) \$10,000 for service performed during the month of January, 2017 and an additional \$10,000 for service performed by Mr. Davis during the month of February 2017.”

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38. The Registration Statement downplayed and underreported its indebtedness to the social media company Social Reality, Inc., which changed its name to “SRAX, Inc.” in August 2019 (“SRAX”). Specifically, the Registration Statement stated, in pertinent part, that “[d]uring the year ended December 31, 2018, the Company incurred \$334,471 for advertising and digital media services from Social Reality” and that “[a]t December 31, 2018, the Company had an amount due of \$334,471 to Social Reality.” In addition to failing to disclose the full amount owed to SRAX at the time of the IPO, the Registration Statement failed to disclose that the debt was then overdue and that YayYo had been delaying making the payment while it carried out its IPO.

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39. The statements contained in ¶¶ 31-38 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company’s business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, the Registration Statement was false and/or misleading and/or failed to disclose that: (1) Defendant El-Batrawi continued to exercise supervision, authority, and control over YayYo, and was intimately involved, on a day-to-day basis, with the business, operations, and finances of the Company, including assisting the Underwriter Defendants in marketing YayYo's IPO; (2) Defendant El-Batrawi never sold the

1 12,525,000 “Private Shares” and continued to own a controlling interest in YayYo
2 despite the NASDAQ’s insistence that he retain less than a 10% equity ownership
3 interest in connection with the listing agreement; (3) Defendants promised certain
4 creditors of YayYo that in exchange to their agreeing to purchase shares in the IPO
5 – in order to permit the Underwriter Defendants to close the IPO – YayYo would
6 repurchase those shares after the IPO; (4) Defendants intended to repurchase shares
7 purchased by creditors of YayYo in the IPO using IPO proceeds; (5) YayYo owed
8 its former President, CEO, and Director a half of million dollars at the time of the
9 IPO; (6) YayYo owed SRAX \$426,286 in unpaid social media costs, most of which
10 was more than a year overdue as payment had been delayed while YayYo attempted
11 to complete its IPO; and (7) as a result, Defendants’ statements about the
12 Company’s business, operations, and prospects were materially false and
13 misleading and/or lacked a reasonable basis at all relevant times.

14 THE TRUTH EMERGES

15 40. On January 13, 2020, YayYo filed with the SEC a Form 8-K
16 announcing that “[o]n January 10, 2020, YayYo Inc. [] entered into an Executive
17 Employment Agreement [] with the Company's Chief Executive Officer, Jonathan
18 Rosen, pursuant to which Mr. Rosen will continue to serve as the Company’s Chief
19 Executive Officer for one year or until terminated in accordance with the
20 Agreement.”

21 41. On January 24, 2020, YayYo filed an action for declaratory judgement
22 and permanent injunction against Defendant El-Batrawi in the Superior Court of
23 the State of California, County of Los Angeles, Case No. 20STCP00309, alleging
24 in pertinent part:
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26 *Despite leaving the Company following concerns from NASDAQ*
27 *regarding his involvement in the day-to-day operations of YayYo in*
28 *September 2019, Defendant [El-Batrawi] has engaged in a*
continuous course of actions misrepresenting himself as affiliated

1 *with, speaking on behalf of, and authorized or empowered by YayYo.*
2 *In so doing, Defendant [El-Batrawi] has purported to bind the*
3 *Company to contracts, direct its employees, change its website, and*
4 *event to attempted to sell the Company to its competitors.*

5 (Emphasis added.)

6 42. In a declaration filed with YayYo’s complaint in support of a
7 temporary restraining order, Defendant Rosen testified that despite having
8 promised in September 2019 in connection with his resignation to have “*no formal*
9 *or informal affiliation between the Company and [El-Batrawi]*, expect [sic] for
10 [his] minority ownership (less than 10%) in the Company” (emphasis in original),
11 “[Defendant El-Batrawi] [had] continue[d] to operate and hold himself out as if a
12 director or officer of YayYo, or as an otherwise authorized representative of the
13 same.” Defendant Rosen further testified that despite the Registration Statement
14 having expressly stated that Defendant El-Batrawi had already sold the 12,525,000
15 shares of YayYo prior to the IPO, in reality “Defendant El-Batrawi ha[d] failed
16 and/or refused to sell his shares of stock in the Company . . .” Defendant Rosen
17 further admitted this had all been going on since September 2019, well before the
18 IPO, including testifying in pertinent part that “[s]ince [September 2019],
19 Defendant El-Batrawi has engaged in a continuous and escalating pattern of
20 behavior destructive to YayYo. . . .” Defendant Rosen testified that Defendant El-
21 Batrawi’s misconduct between September 2019 and January 2020 had included,
22 among other things, contacting competitors, suppliers, and vendors of YayYo and
23 negotiating with them as a representative of YayYo; meeting with financiers and
24 investment firms about investing in YayYo and claiming to represent YayYo;
25 hiring a public relations firm for YayYo and producing and airing commercials for
26 YayYo on the Fox Business Channel; attempting to hire two marketing firms for
27 YayYo; and directing that changes be made to YayYo’s website.
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1 ***announced its intention to voluntarily delist its common stock from***
2 ***the NASDAQ Stock Market (“NASDAQ”) effective on February 20,***
3 ***2020.*** The Company expects that its common stock will be approved
4 for quotation on the OTCQB from and after that date. The Company
5 has elected to effect the voluntary delisting of its common stock after
6 discussions with NASDAQ’s staff and based on the determination of
7 the Company’s board of directors that voluntarily delisting the
8 common stock from the NASDAQ is in the best interests of the
9 Company and its stockholders. ***NASDAQ has advised the Company***
10 ***that it believes that the Company has failed the conditions for***
11 ***continued listing of its common stock set forth in Listing Rule***
12 ***5250(a).*** ***The voluntary delisting will permit the Company to operate***
13 ***its business free from restrictions imposed by NASDAQ rules and the***
14 ***conditions applicable to the listing of the Company’s common stock***
15 ***on the NASDAQ.***

16 The Company has notified NASDAQ of its intent to voluntarily delist
17 its common stock from the NASDAQ. The Company currently
18 anticipates that it will file with the Securities and Exchange
19 Commission a Form 25 relating to the delisting of its common stock
20 on or about February 20, 2020 and expects the delisting of its common
21 stock to be effective ten days thereafter. The purpose of the Form 25
22 filing is to effect the voluntary delisting from the NASDAQ of the
23 Company’s outstanding common stock. The Company does not
24 expect the delisting to have any adverse effects on its business
25 operations.

26 (Emphasis added.)

27 45. On February 11, 2020, SRAX filed a collection action against YayYo
28 in the Superior Court of the State of California for the County of Los Angeles, Case
29 No. 20STVV05559, alleging that SRAX had provided media services to the
30 Company dating back to 2018, claiming breach of contract and related causes of
31 action. SRAX alleged that YayYo then owed it \$645,286 – including \$426,286 for
32 services rendered prior to time of the IPO. In its complaint, SRAX alleged that
33 YayYo claimed to be “unable to pay” for the services prior to the IPO “apparently

1 due to a delay in its [IPO].” Though the invoices for the services attached to the
2 complaint filed by SRAX were signed by Defendant El-Batrawi, an email attached
3 to the complaint dated January 24, 2020 from Defendant Rosen stated that other
4 than \$50,000 that had apparently been paid to SRAX from the IPO proceeds on
5 January 23, 2020, YayYo would be unable to pay the rest of the outstanding bill
6 until it obtained additional outside financing.

7 46. On March 3, 2020, YayYo filed a with the SEC a Form 8-K
8 announcing the following:

9 ***On February 28, 2020, the Board of Directors (the “Board”) of***
10 ***YayYo Inc. (the “Company”) appointed Ramy El-Batrawi as the***
11 ***Company’s Chief Executive Officer and as a member of the Board,***
12 ***effective immediately.*** Mr. El-Batrawi has not been appointed to serve
13 on any committees of the Board at this time and will receive no
14 compensation in connection with his appointment as Chief Executive
15 Officer or his service on the Board.

16 Mr. El-Batrawi, 58, is a founder of the Company and previously served
17 as its Chief Executive Officer from June 2016 until February 2019 and
18 as a director from June 2016 until September 2019. Mr. El-Batrawi is
19 the founder and sole owner of PDQ Pickup LLC, a moving and
20 logistics company, which he founded in December 2018. Since May
21 2015, he has been the owner of X, LLC, a private investment firm.
22 Prior thereto, Mr. El-Batrawi was the owner and chief executive
23 officer of Growth Strategy Investments, LLC, a private investment
24 firm.

25 There are no family relationships, as defined in Item 401 of Regulation
26 S-K, between Mr. El-Batrawi and any of the Company’s executive
27 officers or directors or persons nominated or chosen to become a
28 director or executive officer. ***There is no arrangement or***
understanding between Mr. El-Batrawi and any other person
pursuant to which Mr. El-Batrawi was appointed as Chief Executive
Officer.

During the year ended December 31, 2018, the Company paid
management fees of \$205,000, to a company that is owned by Mr. El-

1 Batrawi. Beginning on February 1, 2019, the Company entered into a
2 consulting agreement with Mr. El-Batrawi and paid \$167,000 under
3 the consulting agreement. The consulting agreement was terminated
effective September 1, 2019.

4 (Emphasis added.)

5
6 47. On March 3, 2020, former YayYo President, CEO, and Director
7 Anthony Davis filed a complaint for damages, declaratory relief, failure to pay
8 wages in violation of labor code 201, et. seq., violation of California's Unfair
9 Competition Laws (Business & Professions Code § 17200, et seq.), breach of
10 contract, intentional misrepresentation and fraud, and promissory fraud against
11 YayYo, alleging in pertinent part:

12 Plaintiff Anthony Davis is an experienced, c-suite level executive that
13 agreed to join Yayyo [sic], a ridesharing startup company, as its CEO,
14 for a salary well below his market rate in exchange for the written
15 promise of stock options made by Yayyo founder and then CEO Ramy
El-Batrawi.

16 After only five (5) months of service and in accordance with his
17 responsibilities under an employment agreement, Plaintiff determined
18 that Ramy El-Batrawi could not be trusted because he regularly
19 ignored legal counsel regarding SEC matters and flouted Board
20 protocols and industry norms for corporate compliance. Specifically,
21 El-Batrawi filed fraudulent and materially misleading documents with
the SEC that Yayyo continues to use to deny Plaintiff the
compensation he is owed.

22 Instead of remaining in an untenable position due to El-Batrawi's
23 illegal and fraudulent conduct, Plaintiff negotiated a separation written
24 agreement through a consulting agreement that described the agreed
25 upon compensation owed to Plaintiff, including specific language
26 regarding payment from the stock options and other cash owed. To
27 date, despite numerous good faith attempts to be paid pursuant to the
written agreements, Yayyo refuses to honor its obligations thereunder.

28 * * *

1 Based on the written agreements, Yayyo and El-Batrawi caused
2 damages to Davis in the amount of at least **\$454,086.39** for losses
3 related to cash compensation, expenses and the stock options value,
4 plus attorney's fees and costs. Plaintiff also seeks injunctive relief
5 requiring Yayyo to amend the SEC filings (Form S-1/A) so as to not
6 mislead the public.

7 (Emphasis in original.)

8 48. On April 13, 2020, the Company filed with the SEC a Form 8-K
9 announcing the following:

10 *On April 2, 2020, X, LLC, a company wholly-owned and controlled*
11 *by Ramy El-Batrawi, the Chief Executive Officer and a Director of*
12 *YayYo, Inc. (the “Company”), loaned \$50,000 to the Company, and*
13 *on April 6, 2020, X, LLC, loaned an additional \$100,000 to the*
14 *Company. These loans were made under an oral agreement, are*
15 *secured by all of the assets of the Company and its subsidiaries,* bear
16 no interest, and are payable 30 days after the date of the loan. The
17 Company will use the proceeds of these loans for general working
18 capital purposes.

19 (Emphasis added.)

20 49. On April 28, 2020, FirstFire Global Opportunities Fund, LLC
21 (“FirstFire”) filed a complaint against the Underwriter Defendants in the U.S.
22 District Court for the Southern District of New York, Case No. 1:20-cv-03327.
23 Among other things, FirstFire alleges that the Registration Statement used to
24 conduct the IPO was materially false and misleading because it concealed
25 Defendant El-Batrawi's ongoing control over the company and its IPO process.
26 FirstFire further alleges that when the Underwriter Defendants were unable to raise
27 the full \$10 million required by NASDAQ to close the IPO, Defendant El-Batrawi
28 fabricated a \$1.2 million commitment purportedly from a trust, which turned out
to be a lie. FirstFire also alleges that the Underwriter Defendants and Defendant

1 El-Batrawi solicited creditors and shareholders to invest more money to close the
2 IPO, and “sought to sweeten the attraction of such further investment” by agreeing
3 that YayYo would “immediately” pay them back from the IPO proceeds, an
4 “unlawful act” that would “materially misrepresent the Offering and fraudulently
5 mislead investors[.]” FirstFire further alleges that the Underwriter Defendants told
6 investors that YayYo planned to use the IPO proceeds to purchase vehicles, as well
7 as for general corporate purposes, including working capital and sales and
8 marketing activities, but that in reality YayYo had no intention to do so.

9 50. Since the IPO, and as a result of the disclosure of material adverse facts
10 omitted from the Company’s Registration Statement, YayYo’s stock price has
11 fallen significantly below its IPO price, damaging Plaintiff and Class members.

12 51. As of the filing of this Complaint, YayYo’s stock trades at
13 approximately 40¢ per share, a 90% decline from the price the stock was offered at
14 the IPO.

15 52. Additionally, due to the materially deficient Registration Statement,
16 Defendants have also violated their independent, affirmative duty to provide
17 adequate disclosures about adverse conditions, risk and uncertainties. Item 303 of
18 SEC Reg. S-K, 17 C.F.R. §229.303(a)(3)(ii) requires that the materials incorporated
19 in a registration statement disclose all “known trends or uncertainties” reasonably
20 expected to have a material unfavorable impact on the Company’s operations.

21 53. As a result of Defendants’ wrongful acts and omissions, and the
22 precipitous decline in the market value of the Company’s securities, Plaintiff and
23 other Class members have suffered significant losses and damages.

24
25 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

26 54. Plaintiff brings this action as a class action on behalf of all those who
27 purchased the Company’s securities pursuant and/or traceable to the Registration
28 Statement (the “Class”). Excluded from the Class are Defendants and their

1 families, the officers and directors and affiliates of Defendants, at all relevant
2 times, members of their immediate families and their legal representatives, heirs,
3 successors or assigns and any entity in which Defendants have or had a controlling
4 interest.

5 55. The members of the Class are so numerous that joinder of all members
6 is impracticable. While the exact number of Class members is unknown to Plaintiff
7 at this time and can only be ascertained through appropriate discovery, Plaintiff
8 believes that there are at least thousands of members in the proposed Class. Record
9 owners and other members of the Class may be identified from records maintained
10 by the Company or its transfer agent and may be notified of the pendency of this
11 action by mail, using the form of notice similar to that customarily used in
12 securities class actions.

13 56. Plaintiff's claims are typical of the claims of the members of the Class,
14 as all members of the Class are similarly affected by Defendants' wrongful conduct
15 in violation of federal law that is complained of herein.

16 57. Plaintiff will fairly and adequately protect the interests of the members
17 of the Class and has retained counsel competent and experienced in class and
18 securities litigation.

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

- 22 (a) whether Defendants violated the Securities Act;
23 (b) whether the Registration Statement contained false or misleading
24 statements of material fact and omitted material information required to be stated
25 therein; and to what extent the members of the Class have sustained damages and
26 the proper measure of damages.
27
28

1 conduct alleged herein and could not have reasonably discovered those facts prior
2 to the disclosures herein.

3 68. This claim is brought within one year after discovery of the untrue
4 statements and/or omissions in the Offering that should have been made and/or
5 corrected through the exercise of reasonable diligence, and within three years of
6 the effective date of the Offering. It is therefore timely.

7 **COUNT II**

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

9 **Against All Defendants**

10 69. Plaintiff incorporates all the foregoing by reference.

11 70. By means of the defective Prospectus, Defendants promoted,
12 solicited, and sold YayYo securities to Plaintiff and other members of the Class.

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

22 72. Plaintiff did not know, nor in the exercise of reasonable diligence
23 could Plaintiff have known, of the untruths and omissions contained in the
24 Prospectus at the time Plaintiff acquired YayYo securities.

25 73. By reason of the conduct alleged herein, Defendants violated
26 §12(a)(2) of the Securities Act, 15 U.S.C. §771(a)(2). As a direct and proximate
27 result of such violations, Plaintiff and the other members of the Class who
28

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

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

11 **COUNT III**

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

13 **Against the Individual Defendants**

14 75. Plaintiff incorporates all the foregoing by reference.

15 76. This cause of action is brought pursuant to §15 of the Securities Act,
16 15 U.S.C. §77o against all Defendants except the Underwriter Defendants.

17 77. The Individual Defendants were controlling persons of YayYo by
18 virtue of their positions as directors and/or senior officers of the Company. The
19 Individual Defendants each had a series of direct and indirect business and personal
20 relationships with other directors and officers and major shareholders of the
21 Company. The Company controlled the Individual Defendants and all of YayYo
22 employees.

23 78. The Company and the Individual Defendants were culpable
24 participants in the violations of §§11 and 12(a)(2) of the Securities Act as alleged
25 above, based on their having signed or authorized the signing of the Registration
26 Statement and having otherwise participated in the process which allowed the IPO
27 to be successfully completed.
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Counsel for Plaintiff

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