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

PLAINTIFF, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

vs.

LENDINGCLUB CORPORATION, RENAUD
LAPLANCHE, and CARRIE L. DOLAN,

Defendants

Case No.

CLASS ACTION

**COMPLAINT FOR VIOLATION OF
THE FEDERAL SECURITIES LAWS**

DEMAND FOR JURY TRIAL

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INTRODUCTION

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1. Plaintiff _____ (“Plaintiff”), individually and on behalf of all the other persons similarly situated, by plaintiff’s undersigned attorneys, alleges the following based upon personal knowledge as to plaintiff and plaintiff’s own acts, and upon information and belief as to all other matters based on the investigation conducted by and through plaintiff’s attorneys, which included, among other things, a review of Securities and Exchange Commission (“SEC”) filings by LendingClub Corporation (“LendingClub” or the “Company”), as well as conference call transcripts and media and analyst reports about the Company. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

SUMMARY OF THE ACTION

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2. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants who purchased or otherwise acquired LendingClub securities: (1) pursuant and/or traceable to LendingClub’s false and misleading Registration Statement and Prospectus issued in connection with the Company’s initial public offering on or about December 11, 2014 (the “IPO” or the “Offering”); and/or (2) on the open market between December 11, 2014 and May 6, 2016, both dates inclusive, seeking to recover compensable damages caused by Defendants’ violations of the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”) (the “Class”).

BACKGROUND

3. LendingClub, together with its subsidiaries, operates as an online marketplace that connects borrowers and investors in the United States. Its marketplace facilitates various types of loan products for consumers and small businesses, including unsecured personal loans, super prime consumer loans, unsecured education and patient finance loans, and unsecured small business loans. The Company also offers investors an opportunity to invest in a range of loans based on term and credit

1 characteristics. LendingClub serves investors, such as retail investors, high-net-worth individuals and
2 family offices, banks and finance companies, insurance companies, hedge funds, foundations, pension
3 plans, and university endowments.

4 4. LendingClub was founded in 2006 and is headquartered in San Francisco, California.
5 The Company's stock trades on the New York Stock Exchange ("NYSE") under the ticker symbol
6 "LC."
7

8 5. On December 11, 2014, LendingClub completed its IPO, selling 58 million shares at
9 \$15.00 each and raising \$870 million. On its first day of trading, LendingClub's stock price climbed as
10 high as \$25.44 per share, ultimately closing at \$23.43 per share, up more than 56% from its IPO price.

11 6. In connection with the IPO and throughout the Class Period, Defendants made materially
12 false and misleading statements regarding the LendingClub's business, operational and compliance
13 policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose
14 that: (i) LendingClub's internal controls were inadequate to ensure that LendingClub's loans conformed
15 to its customers' criteria; (ii) LendingClub's internal controls were inadequate to ensure that relevant
16 interests in third-party transactions were fully and timely disclosed; and (iii) as a result of the foregoing,
17 LendingClub's public statements were materially false and misleading at all relevant times.
18

19 7. On May 9, 2016, LendingClub disclosed in an SEC filing that on May 6, 2016, the
20 Company's board of directors had accepted the resignation of Defendant Renaud Laplanche
21 ("Laplanche") as the Company's Chairman and Chief Executive Officer ("CEO"). The Company
22 reported that Laplanche's resignation was precipitated by an internal review that found that the
23 Company had sold \$22 million in loans, made to consumers with low credit scores, to a single investor
24 (later reported to be Jefferies LLC ("Jefferies")), in violation of the investor's "express instructions."
25

26 8. In the same filing, the Company also disclosed "a failure to inform the board's Risk
27 Committee of personal interests held in a third party fund while the Company was contemplating an
28

1 investment in the same fund.” Media outlets subsequently reported that Laplanche had failed to fully
2 disclose a personal interest he held in Cirrix Capital while the Company was contemplating investing in
3 the fund—an investment that Laplanche had himself proposed to LendingClub’s risk-management
4 committee—and that LendingClub board member John Mack also held an undisclosed interest in Cirrix
5 Capital.

6 9. On this news, LendingClub’s stock fell \$2.48 per share, or nearly 35%, to close at \$4.62
7 per share on May 9, 2016.

8 10. On May 9, 2016, post-market, news outlets reported that the SEC was investigating
9 LendingClub’s disclosures.

10 11. On May 10, 2016, *Bloomberg* and other news outlets reported that Goldman Sachs and
11 Jefferies had halted their purchases of LendingClub loans. That same day, the U.S. Treasury
12 Department issued a White Paper describing the online lending industry as “untested” and calling for
13 more regulation.

14 12. On this news, LendingClub stock fell \$0.52 per share, or 11.3%, to close at \$4.10 per
15 share on May 10, 2016.

16 13. LendingClub stock now trades below \$3.70 per share, representing a decline of more
17 than 75% from the IPO price, and a decline of nearly 87% from the stock’s Class Period high.

18 14. As a result of Defendants’ false and/or misleading statements, LendingClub securities
19 traded at inflated prices. However, after disclosure of Defendants’ false and/or misleading statements,
20 LendingClub’s stock suffered a precipitous decline in market value, thereby causing significant losses
21 and damages to Plaintiff and other Class members.

JURISDICTION AND VENUE

1
2 15. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the
3 Securities Act (15 U.S.C. §§ 77k and 77o), and Sections 10(b) and 20(a) of the Exchange Act (15
4 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-
5 5).

6 16. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §
7 1331, Section 22 of the Securities Act (15 U.S.C. § 77v), and Section 27 of the Exchange Act (15
8 U.S.C. § 78aa).

9 17. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15
10 U.S.C. § 78aa) and 28 U.S.C. § 1391(b) as the alleged Defendant LendingClub maintains its principal
11 executive offices in this District.
12

13 18. In connection with the acts, conduct and other wrongs alleged herein, Defendants either
14 directly or indirectly used the means and instrumentalities of interstate commerce, including but not
15 limited to the United States mails, interstate telephone communications and the facilities of the national
16 securities exchange.
17

PARTIES

18
19 19. Plaintiff purchased or otherwise acquired LendingClub common stock as described in
20 the attached certification and was damaged by the revelation of the alleged corrective disclosures.
21

22 20. Defendant LendingClub is incorporated in Delaware, and its stock trades on the NYSE
23 under the ticker symbol “LC.” The Company's corporate headquarters are located at 71 Stevenson
24 Street, Suite 300, San Francisco, California 94105.
25

26 21. Defendant Laplanche served at all relevant times as CEO and Chairman of LendingClub
27 until his resignation on May 6, 2016.
28

1 There is an opportunity for the online marketplace model to transform the traditional
2 banking system. We believe *a transparent and open marketplace* where borrowers and
3 investors have access to information, complemented by technology and tools, can make
4 credit more affordable, redirect existing pools of capital trapped inside the banking
5 system and attract new sources of capital to a new asset class. We believe online
6 marketplaces have the power to facilitate more efficient deployment of capital and
7 improve the global economy.

8 ...

9 **Benefits to Borrowers**

10 ...

- 11 • *Transparency and Fairness.* All of the loans offered through our marketplace
12 feature a fixed rate that is clearly disclosed to the borrower during the application
13 process, with fixed monthly payments, no hidden fees and the ability to prepay
14 the balance at any time without penalty. We utilize our rules-based engine for
15 credit decisioning.

16 ...

17 **Benefits to Investors**

18 ...

- 19 • *Transparency.* We provide investors with transparency and choice in building
20 their loan portfolios. Investors can examine each loan at a granular level prior to
21 investing in a loan and continue to monitor ongoing loan performance. We also
22 provide access to credit profile data on each approved loan as well as all of the
23 historical performance data for every loan ever invested in through our platform

24 (Emphases added.)

25 30. The Prospectus also contained a Letter from Renaud Laplanche, in which Defendant
26 Laplanche stated, in part:

27 I believe we can transform the current banking system into a frictionless, transparent and
28 highly efficient online marketplace that provides affordable credit to borrowers and
creates great investment opportunities for investors, helping millions of people achieve
their financial goals.

...

Building Confidence

1 We are not only bringing cost efficiency to the credit markets but also a more transparent
2 and customer-friendly experience. Unlike traditional banks, we do not build confidence
3 by establishing a branch at every street corner. Instead, *we earn the trust of our*
4 *customers by offering maximum transparency into our products' terms and*
5 *performance.*

6 ...

7 *We have established investor confidence* by demonstrating the effectiveness of our risk
8 ranking technology, as well as *through the accuracy, transparency and granularity of*
9 *our reporting.* We post on our platform the detailed performance of every single loan
10 offered publicly to investors since inception, along with more aggregated performance
11 statistics.

12 We are continuing to earn investor confidence every day by providing equal access and
13 with a level playing field with the same tools, data and access for all investors, small and
14 large, within a fair and efficient marketplace.

15 (Emphases added.)

16 31. On December 18, 2014, one week after the IPO, LendingClub's stock closed at a Class
17 Period high of \$27.90 per share.

18 32. On February 27, 2015, LendingClub filed an Annual Report on Form 10-K with the SEC
19 announcing the Company's financial and operating results for the quarter and year ended December 31,
20 2014 (the "2014 10-K"). For the quarter, LendingClub reported a net loss of \$9.04 million, or \$0.07 per
21 diluted share, on net revenue of \$103.56 million, compared to net income of \$2.86 million, or \$0.03 per
22 diluted share, on net revenue of \$88.73 million for the same period in the prior year. For 2014,
23 LendingClub reported a net loss of \$32.89 million, or \$0.44 per diluted share, on net revenue of
24 \$211.25 million, compared to net income of \$7.31 million, or zero per diluted share, on net revenue of
25 \$98.04 million for 2013.

26 33. In the 2014 10-K, LendingClub stated, in part:

27 Online marketplaces have emerged to connect buyers and sellers across many industries
28 to increase choice, improve quality, accelerate the speed of decision making and lower
costs. *We believe a successful online marketplace must act as a trusted intermediary*
providing transparency, security, supply and demand balance and ease of use to give

1 marketplace participants an incentive to interact and the confidence to do business
2 together. Initial online marketplaces connected buyers and sellers of goods and
3 services—primarily moving demand from offline to online and making the transaction
4 process more efficient. Online marketplaces have more recently evolved to unlock supply
5 and demand that could not previously be matched in an efficient manner offline. The
6 “sharing economy,” a term that describes this new marketplace trend, enables a better use
7 of resources by allowing owners of underutilized assets to offer them to people who want
8 them while capturing an economic benefit.

6 **Our Solution**

7 We are the world’s largest online marketplace connecting borrowers and investors. Our
8 technology platform supports this innovative marketplace model to efficiently connect
9 the supply and demand of capital. Our marketplace also substantially reduces the need for
10 physical infrastructure and improves convenience and automation, increasing efficiency,
11 reducing manual processes and improving the overall borrower and investor experience.

11 We believe that our marketplace provides the following benefits to borrowers:

12 ...

- 13 • **Transparency and Fairness.** All of the installment loans offered through our
14 marketplace feature a fixed rate that is clearly disclosed to the borrower during the
15 application process, with fixed monthly payments, no hidden fees and the ability to
16 prepay the balance at any time without penalty. Our platform utilizes a computerized,
17 rules-based engine for credit decisioning, which removes the human bias associated
18 with reviewing applications.

17 ...

18 We believe that our marketplace provides the following benefits to investors:

19 ...

- 20 • **Transparency.** We provide investors with transparency and choice in building their
21 loan portfolios.

22 (Emphasis added.)

23
24 34. The 2014 10-K contained signed certifications pursuant to the Sarbanes-Oxley Act of
25 2002 (“SOX”) by the Individual Defendants, stating that the financial information contained in the 2014
26 10-K was accurate and disclosed any material changes to the Company’s internal control over financial
27 reporting.
28

1 35. On March 10, 2015, Defendant Laplanche gave an interview with the online publication
2 *LendingMemo*, in which he assured the marketplace that the Company had not put its customers at risk
3 in pursuit of growth:

4 [Interviewer:] Lending Club continues to lead the online lending industry. Last year you
5 hired several hundred new employees, took over four more floors in your building, and
6 issued an incredible \$4.4 billion in new loans. Growth is near a half billion dollars of new
7 loans per month. How are you doing this?

8 [Laplanche:] We continue to be very deliberate about our growth. . . . One thing we are
9 acutely aware of is to make sure we don't grow too fast, causing operational mistakes.
10 ***We are dealing with people's money, so it puts additional responsibility on us to
11 manage growth in a way that doesn't put our customers at risk.***

12 (Emphasis added.)

13 36. On May 5, 2015, LendingClub filed a Quarterly Report on Form 10-Q with the SEC
14 announcing the Company's financial and operating results for the quarter ended March 31, 2015 (the
15 "Q1 2015 10-Q"). For the quarter, LendingClub reported a net loss of \$6.37 million, or \$0.02 per
16 diluted share, on net revenue of \$81.24 million, compared to a net loss of \$7.30 million, or \$0.13 per
17 diluted share, on net revenue of \$38.75 million for the same period in the prior year.

18 37. In the Q1 2015 10-Q, LendingClub stated, in part, that the Company's "***trusted brand,***
19 ***scale and network effect drives significant borrowing and investing activity on our marketplace.***"

20 (Emphasis added.)

21 38. The Q1 2015 10-Q contained signed certifications pursuant to SOX by the Individual
22 Defendants, stating that the financial information contained in the Q1 2015 10-Q was accurate and
23 disclosed any material changes to the Company's internal control over financial reporting.

24 39. On August 5, 2015, LendingClub filed a Quarterly Report on Form 10-Q with the SEC
25 announcing the Company's financial and operating results for the quarter ended June 30, 2015 (the "Q2
26 2015 10-Q"). For the quarter, LendingClub reported a net loss of \$4.14 million, or \$0.01 per diluted
27

1 share, on net revenue of \$96.92 million, compared to a net loss of \$9.19 million, or \$0.16 per diluted
2 share, on net revenue of \$48.24 million for the same period in the prior year.

3 40. In the Q2 2015 10-Q, LendingClub stated, in part, that the Company's "*trusted brand*,
4 scale and network effect drives significant borrowing and investing activity on our marketplace."
5 (Emphasis added.)

6 41. The Q2 2015 10-Q contained signed certifications pursuant to SOX by the Individual
7 Defendants, stating that the financial information contained in the Q2 2015 10-Q was accurate and
8 disclosed any material changes to the Company's internal control over financial reporting.

9 42. On November 3, 2015, LendingClub filed a Quarterly Report on Form 10-Q with the
10 SEC announcing the Company's financial and operating results for the quarter ended September 30,
11 2015 (the "Q3 2015 10-Q"). For the quarter, LendingClub reported net income of \$0.95 million, or
12 zero per diluted share, on net revenue of \$116.24 million, compared to a net loss of \$7.37 million, or
13 \$0.12 per diluted share, on net revenue of \$56.12 million for the same period in the prior year.

14 43. In the Q3 2015 10-Q, LendingClub stated, in part, that the Company's "*trusted brand*,
15 scale and network effect drives significant borrowing and investing activity on our marketplace."
16 (Emphasis added.)

17 44. The Q3 2015 10-Q contained signed certifications pursuant to SOX by the Individual
18 Defendants, stating that the financial information contained in the Q3 2015 10-Q was accurate and
19 disclosed any material changes to the Company's internal control over financial reporting.

20 45. On February 22, 2016, LendingClub filed an Annual Report on Form 10-K with the SEC
21 announcing the Company's financial and operating results for the quarter and year ended December 31,
22 2015 (the "2015 10-K"). For the quarter, LendingClub reported net income of \$4.57 million, or \$0.01
23 per diluted share, on net revenue of \$135.54 million, compared to a net loss of \$9.04 million, or \$0.07
24 per diluted share, on net revenue of \$103.56 for the same period in the prior year. For 2015,
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1 LendingClub reported a net loss of \$5 million, or \$0.01 per diluted share, on net revenue of \$429.93
2 million, compared to a net loss of \$32.89 million, or \$0.44 per diluted share, on net revenue of \$211.25
3 million for 2014.

4 46. In the 2015 10-K, LendingClub stated, in part:

5 **Online Marketplaces Have Proliferated Throughout the Economy**

6 Online marketplaces have emerged to connect buyers and sellers across many industries
7 to increase choice, improve quality, accelerate the speed of decision making and lower
8 costs. *We believe a successful online marketplace must act as a trusted intermediary*
9 *providing transparency*, security, supply and demand balance, and ease of use to give
10 marketplace participants an incentive to interact and the confidence to do business
11 together. Initial online marketplaces connected buyers and sellers of goods and services –
12 primarily moving demand from offline to online and making the transaction process more
13 efficient. Online marketplaces have more recently evolved to unlock supply and demand
14 that could not previously be matched in an efficient manner offline. The “sharing
15 economy,” a term that describes this new marketplace trend, enables a better use of
16 resources by allowing owners of underutilized assets to offer them to people who want
17 them while capturing an economic benefit.

14 **Our Solution**

15 We believe that our marketplace provides the following benefits to borrowers:

- 17 • **Transparency and Fairness.** The installment loans offered through our
18 marketplace feature a fixed rate that is clearly disclosed to the borrower during
19 the application process, with fixed monthly payments, no hidden fees and the
20 ability to prepay the balance at any time without penalty. Small business lines of
21 credit have rates based upon the prime rate and allow borrowers to draw in
22 increments, reducing their interest cost. Our platform utilizes an automated, rules-
23 based engine for credit decisioning, which removes the human bias associated
24 with reviewing applications.

22 ...

23 We believe that our marketplace provides the following benefits to investors:

24 ...

- 26 • **Transparency.** We provide investors with transparency and choice in building
27 their loan portfolios.

1 committee—and that LendingClub board member John Mack also held an undisclosed interest in Cirrix
2 Capital.

3 51. On this news, LendingClub’s stock fell \$2.48 per share, or nearly 35%, to close at \$4.62
4 per share on May 9, 2016.

5 52. On May 9, 2016, post-market, news outlets reported that the SEC was investigating
6 LendingClub’s disclosures.

7 53. On May 10, 2016, *Bloomberg* and other news outlets reported that Goldman Sachs and
8 Jefferies had halted their purchases of LendingClub loans. That same day, the U.S. Treasury
9 Department issued a White Paper describing the online lending industry as “untested” and calling for
10 more regulation.
11

12 54. On this news, LendingClub stock fell \$0.52 per share, or 11.3%, to close at \$4.10 per
13 share on May 10, 2016.
14

15 55. LendingClub stock now trades below \$3.70 per share, representing a decline of more
16 than 75% from the IPO price, and a decline of nearly 87% from the stock’s Class Period high.

17 56. As a result of Defendants’ false and/or misleading statements, LendingClub securities
18 traded at inflated prices. However, after disclosure of Defendants’ false and/or misleading statements,
19 LendingClub’s stock suffered a precipitous decline in market value, thereby causing significant losses
20 and damages to Plaintiff and other Class members.
21

22 CLASS ACTION ALLEGATIONS

23 57. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of
24 Civil Procedure on behalf of the Class (as defined *supra* at ¶ 2). Excluded from the Class are
25 Defendants and their family members, directors and officers of LendingClub and their families and
26 affiliates.
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1 58. The members of the Class are so numerous that joinder of all members is impracticable.
2 The disposition of their claims in a class action will provide substantial benefits to the parties and the
3 Court. LendingClub has more than 100 million shares of stock outstanding, owned by hundreds or
4 thousands of persons.

5 59. There is a well-defined community of interest in the questions of law and fact involved
6 in this case. Questions of law and fact common to the members of the Class that predominate over
7 questions that may affect individual Class members include:
8

- 9 (a) Whether the Securities Act was violated by Defendants;
- 10 (b) Whether the Exchange Act was violated by Defendants;
- 11 (c) Whether Defendants omitted and/or misrepresented material facts;
- 12 (d) Whether Defendants' statements omitted material facts necessary in order to
13 make the statements made, in light of the circumstances under which they were made, not misleading;
- 14 (e) Whether Defendants knew or recklessly disregarded that their statements were
15 false and misleading;
- 16 (f) Whether the price of LendingClub common stock was artificially inflated; and
17 (g) The extent of damage sustained by Class members and the appropriate measure
18 of damages.
- 19
- 20

21 60. Plaintiff's claims are typical of those of the Class because plaintiff and the Class
22 sustained damages from Defendants' wrongful conduct.

23 61. Plaintiff will adequately protect the interests of the Class and has retained counsel who
24 are experienced in class action securities litigation. Plaintiff has no interests which conflict with those
25 of the Class.
26

27 62. A class action is superior to other available methods for the fair and efficient
28 adjudication of this controversy.

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NO SAFE HARBOR

63. LendingClub’s verbal “Safe Harbor” warnings accompanying its oral forward-looking statements (“FLS”) were ineffective to shield those statements from liability.

64. The Defendants are also liable for any false or misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of LendingClub who knew that the FLS was false. None of the historic or present tense statements made by Defendants were assumptions underlying or relating to any plan, projection or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by Defendants expressly related to or stated to be dependent on those historic or present tense statements when made.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD ON THE MARKET**

65. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

- (a) Defendants made public misrepresentations or failed to disclose material facts;
- (b) The omissions and misrepresentations were material;
- (c) The Company's stock traded in an efficient market;
- (d) The misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's stock; and
- (e) Plaintiff and other members of the Class purchased LendingClub common stock between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

1 misleading; and (c) engaged in acts, practices, and a course of business that operated as a fraud and
2 deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market
3 prices for LendingClub securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5
4 promulgated thereunder. All Defendants are sued either as primary participants in the wrongful and
5 illegal conduct charged herein or as controlling persons as alleged below.

6
7 71. Defendants, individually and in concert, directly and indirectly, by the use, means or
8 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous
9 course of conduct to conceal adverse material information about the business and future prospects of
10 LendingClub as specified herein.

11 72. These Defendants employed devices, schemes, and artifices to defraud while in
12 possession of material adverse non-public information, and engaged in acts, practices, and a course of
13 conduct as alleged herein in an effort to assure investors of LendingClub's value and performance and
14 continued substantial growth, which included the making of, or participation in the making of, untrue
15 statements of material facts and omitting to state material facts necessary in order to make the
16 statements made about LendingClub and its business operations and future prospects in the light of the
17 circumstances under which they were made, not misleading, as set forth more particularly herein, and
18 engaged in transactions, practices and a course of business that operated as a fraud and deceit upon the
19 purchasers of LendingClub securities.
20
21

22 73. Each of the Individual Defendants' primary liability, and controlling person liability,
23 arises from the following facts: (1) the Individual Defendants were high-level executives, directors,
24 and/or agents at the Company at all relevant times and members of the Company's management team
25 or had control thereof; (2) each of these Defendants, by virtue of his responsibilities and activities as a
26 senior officer and/or director of the Company, was privy to and participated in the creation,
27 development and reporting of the Company's business prospects and operations; (3) each of these
28

1 Defendants enjoyed significant personal contact and familiarity with the other Defendants and was
2 advised of and had access to other members of the Company's management team, internal reports and
3 other data and information about the Company's operations and business projects at all relevant times;
4 and (4) each of these Defendants was aware of the Company's dissemination of information to the
5 investing public which they knew or recklessly disregarded was materially false and misleading.

6
7 74. Defendants had actual knowledge of the misrepresentations and omissions of material
8 facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to
9 disclose such facts, even though such facts were available to them. Such Defendants' material
10 misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect
11 of concealing the Company's flawed manufacturing processes, thereby artificially inflating price of its
12 securities. As demonstrated by Defendants' omissions and misstatements of the Company's business
13 strategy, Defendants, if they did not have actual knowledge of the misrepresentations and omissions
14 alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those
15 steps necessary to discover whether those statements were false or misleading.

16
17 75. As a result of the dissemination of the materially false and misleading information and
18 failure to disclose material facts, as set forth above, the market price of LendingClub securities was
19 artificially inflated. In ignorance of the fact that market prices of LendingClub's securities were
20 artificially inflated, and relying directly or indirectly on the false and misleading statements made by
21 Defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of
22 material adverse information that was known to or recklessly disregarded by Defendants but not
23 disclosed in public statements by Defendants, Plaintiff and the other members of the Class acquired
24 LendingClub securities at artificially high prices and were or will be damaged thereby.

25
26
27 76. At the time of said misrepresentations and omissions, Plaintiff and other members of the
28 Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members

1 of the Class and the marketplace known the truth regarding the Company's flawed manufacturing
2 processes, which was not disclosed by Defendants, Plaintiff and other members of the Class would not
3 have purchased or otherwise acquired their LendingClub securities, or, if they had acquired such
4 securities, they would not have done so at the artificially inflated prices that they paid.

5 77. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act,
6 and Rule 10b-5 promulgated thereunder.
7

8 78. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other
9 members of the Class suffered damages in connection with their respective purchases and sales of the
10 Company's securities.

11 79. This action was filed within two years of discovery of the fraud and within five years of
12 each plaintiff's purchases of securities giving rise to the cause of action.
13

14 **COUNT II**

15 **Violation of Section 20(a) of the Exchange Act Against the Individual Defendants**

16 80. Plaintiff repeats and realleges each and every allegation contained above as if fully set
17 forth herein.

18 81. The Individual Defendants acted as controlling persons of LendingClub within the
19 meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions,
20 agency, ownership and contractual rights, and participation in and/or awareness of the Company's
21 operations and/or intimate knowledge of the false financial statements filed by the Company with the
22 SEC and disseminated to the investing public, the Individual Defendants had the power to influence and
23 control, and did influence and control, directly or indirectly, the decision-making of the Company,
24 including the content and dissemination of the various statements that Plaintiff contends are false and
25 misleading. The Individual Defendants were provided with or had unlimited access to copies of the
26 Company's reports, press releases, public filings and other statements alleged by Plaintiff to have been
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1 misleading prior to and/or shortly after these statements were issued and had the ability to prevent the
2 issuance of the statements or to cause the statements to be corrected.

3 82. In particular, each of these Defendants had direct and supervisory involvement in the
4 day-to-day operations of the Company and, therefore, is presumed to have had the power to control or
5 influence the particular transactions giving rise to the securities violations as alleged herein, and
6 exercised the same.

7
8 83. As set forth above, LendingClub and the Individual Defendants each violated Section
9 10(b), and Rule 10b-5 promulgated thereunder, by their acts and omissions as alleged in this Complaint.

10 84. By virtue of their positions as controlling persons, the Individual Defendants are liable
11 pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants'
12 wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their
13 purchases of the Company's securities.

14
15 85. This action was filed within two years of discovery of the fraud and within five years of
16 each Plaintiff's purchases of securities giving rise to the cause of action.

17
18 **COUNT III**
19 **Violation of Section 11 of**
20 **The Securities Act Against All Defendants**

21 86. Plaintiff repeats and incorporates each and every allegation contained above as if fully
22 set forth herein, except any allegation of fraud, recklessness or intentional misconduct.

23 87. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. §77k, on
24 behalf of the Class, against the Individual Defendants.

25 88. The Registration Statement for the IPO was inaccurate and misleading, contained untrue
26 statements of material facts, omitted to state other facts necessary to make the statements made not
27 misleading, and omitted to state material facts required to be stated therein.

1 89. LendingClub is the registrant for the IPO. Individual Defendants named herein were
2 responsible for the contents and dissemination of the Registration Statement.

3 90. As issuer of the shares, LendingClub is strictly liable to Plaintiff and the Class for the
4 misstatements and omissions.

5 91. None of the Individual Defendants named herein made a reasonable investigation or
6 possessed reasonable grounds for the belief that the statements contained in the Registration Statement
7 were true and without omissions of any material facts and were not misleading.
8

9 92. By reasons of the conduct herein alleged, each Individual Defendant violated, and/or
10 controlled a person who violated Section 11 of the Securities Act.

11 93. Plaintiff acquired LendingClub securities pursuant and/or traceable to the Registration
12 Statement for the IPO.
13

14 94. Plaintiff and the Class have sustained damages. The value of LendingClub securities has
15 declined substantially subsequent to and due to the Individual Defendants' violations.
16

17 **COUNT IV**
18 **Violation of Section 15 of**
19 **The Securities Act Against the Individual Defendants**

20 95. Plaintiff repeats and incorporates each and every allegation contained above as if fully
21 set forth herein, except any allegation of fraud, recklessness or intentional misconduct.

22 96. This count is asserted against the Individual Defendants and is based upon Section 15 of
23 the Securities Act.

24 97. Individual Defendants, by virtue of their offices, directorship, and specific acts were, at
25 the time of the wrongs alleged herein and as set forth herein, controlling persons of LendingClub within
26 the meaning of Section 15 of the Securities Act. Individual Defendants had the power and influence and
27 exercised the same to cause LendingClub to engage in the acts described herein.
28

