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Sabrina Clapp and Denise Redfield*

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

SABRINA CLAPP and DENISE REDFIELD,  
individually and on behalf of others similarly  
situated,

Plaintiffs,

v.

ALLY FINANCIAL INC.;  
ALPACA SECURITIES LLC;  
CASH APP INVESTING LLC;  
SQUARE INC.;  
DOUGH LLC;  
MORGAN STANLEY SMITH BARNEY LLC;  
E\*TRADE SECURITIES LLC;  
E\*TRADE FINANCIAL CORPORATION;  
E\*TRADE FINANCIAL HOLDINGS, LLC;  
ETORO USA SECURITIES, INC.;  
FREETRADE, LTD.;  
INTERACTIVE BROKERS LLC;  
M1 FINANCE, LLC;  
OPEN TO THE PUBLIC INVESTING, INC.;  
ROBINHOOD FINANCIAL, LLC;  
ROBINHOOD MARKETS, INC.;  
ROBINHOOD SECURITIES, LLC; IG GROUP  
HOLDINGS PLC;  
TASTYWORKS, INC.;  
TD AMERITRADE, INC.;  
THE CHARLES SCHWAB CORPORATION;  
CHARLES SCHWAB & CO. INC.;  
FF TRADE REPUBLIC GROWTH, LLC;  
TRADING 212 LTD.;  
TRADING 212 UK LTD.;  
WEBULL FINANCIAL LLC;  
FUMI HOLDINGS, INC.;  
STASH FINANCIAL, INC.;  
BARCLAYS BANK PLC;

Case No. 3:21-cv-00896

**CLASS ACTION COMPLAINT**

**DEMAND FOR JURY TRIAL**

1 CITADEL ENTERPRISE AMERICAS, LLC;  
CITADEL SECURITIES LLC;  
2 MELVIN CAPITAL MANAGEMENT LP;  
SEQUOIA CAPITAL OPERATIONS LLC;  
3 APEX CLEARING CORPORATION;  
THE DEPOSITORY TRUST & CLEARING  
4 CORPORATION,

5 Defendants.

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1 Plaintiffs Sabrina Clapp and Denise Redfield, on behalf of themselves and all others similarly situated,  
2 bring this Class Action Complaint against Defendants for violations of Section 1 of the Sherman Act, 15  
3 U.S.C. § 1, Section 16 of the Clayton Act, 15 U.S.C. § 26, state antitrust and consumer protection laws, and  
4 the common law as follows:

## 5 INTRODUCTION

6 1. This case is about individual investors (the “Retail Investors”) who invested their hard-earned  
7 money in the stock market and were stripped of the rights to control their investments due to a large,  
8 overarching conspiracy to prevent the market from operating freely and to stop the Defendants from  
9 hemorrhaging losses as a result of their highly speculative short selling strategies.

10 2. Retail Investors or individual investors are non-professional investors who make investments  
11 on their own behalf. Retail Investors purchase assets such as stocks, bonds, options, mutual funds, and  
12 exchange traded funds (ETFs). They execute their personal trades through websites, apps and trading  
13 platforms provided by brokerage firms or other investment service providers. Retail Investors tend to invest  
14 smaller amounts, as compared to institutional investors, and they have little ability to influence market prices  
15 or market dynamics on their own.

16 3. Generally, Retail Investors pay brokerages a fee or commission for personal trades to their  
17 brokerages.

18 4. Some brokerages, like Defendant Robinhood, do not charge their investors a fee per  
19 transaction, but instead earn revenue through rebates, kickbacks and other payments from market makers  
20 like the Clearinghouse Defendants (defined below).

21 5. Some individual investors are members of online financial discussion forums on Reddit,  
22 Facebook, TikTok and elsewhere, where they are able to share and discuss their market research and  
23 observations and help like-minded peers benefit from their research and potentially identify good  
24 opportunities for investment.

25 6. Based on their research, and observations, the Retail Investors, through stock brokerages,  
26 including the Brokerage Defendants (defined below), purchased and invested in certain stocks—GameStop  
27 (GME), AMC Theaters (AMC), American Airlines (AAL), Bed Bath & Beyond (BBBY), BlackBerry (BB),  
28 Express (EXPR), Koss (KOSS) Naked Brand Group (NAKD), Nokia (NOK), Sundial Growers Inc.

1 (SNDL), Tootsie Roll Industries (TR), and Trivago NV (TRVG) (collectively, the “Relevant Securities”)—  
2 that they believed would grow, increase in price and serve as good investment opportunities.

3 7. Several large hedge funds and investment firms, including Citadel Enterprise Americas LLC,  
4 Citadel Securities LLC, Melvin Capital Management LP, and other unnamed co-conspirators, acquired and  
5 possessed massive “short” positions in the Relevant Securities.

6 8. “Short” sellers borrow shares or other interests in corporate stock or other securities. In so  
7 doing, they bet that prices of such securities will decrease. If the stock prices in fact drop, a short seller buys  
8 the stock back at a lower price and returns it to the lender. The difference between the sell price and the buy  
9 price is the profit. Short sellers essentially bet on a stock’s failure or decline rather than its success or increase.

10 9. The Fund Defendants (defined below), and other unnamed co-conspirators, made short  
11 selling investments in the Relevant Securities. In so doing, they made highly speculative bets. When the  
12 Relevant Securities increased in value, due in large part to Retail Investors purchasing the Relevant Securities  
13 and increasing stock prices, the Fund Defendants, Clearinghouse Defendants and unnamed co-conspirators  
14 were exposed to potential losses of several billion dollars.

15 10. As Retail Investors and others continued to purchase the Relevant Securities, the Fund  
16 Defendants, Clearinghouse Defendants and unnamed co-conspirators were caught in a classic “short  
17 squeeze.” A “short squeeze” occurs when a stock or other shorted security rises sharply in value, distressing  
18 short positions. Short selling investors are faced with a rapid increase in the shorted asset’s value, exposing  
19 the short seller to increased and theoretically limitless loss. As the price of the asset rises, short sellers may  
20 face pressure to buy back stock to exit their short positions to mitigate their potential losses. In the absence  
21 of intervention, as short sellers exit their short positions to buy back stocks to cover their shorts, the purchase  
22 of stock further increases the price of the stock.

23 11. The Brokerage Defendants, Fund Defendants and Clearinghouse Defendants (together the  
24 “Defendants”) conspired to prevent the Retail Investors from buying any further stock and forcing Retail  
25 Investors to sell their Relevant Securities to artificially suppress stock prices of the Relevant Securities.

26 12. On January 27, 2021, after the close of the stock market and before the open of the the next  
27 trading day, the Fund Defendants coordinated and planned increased short volumes in anticipation of short  
28 calls on January 28, 2021.



1 some defendants; and (b) Plaintiffs' state law claims form part of the same case or controversy as their federal  
2 claims under Article III of the United States Constitution.

3 19. Jurisdiction and venue are proper in this judicial District pursuant to 28 U.S.C. § 1391(b), (c)  
4 and (d), because a substantial part of the events giving rise to Plaintiffs' claims occurred in this District, a  
5 substantial portion of the affected interstate trade and commerce was carried out in this District, and one or  
6 more of the Defendants reside in this District or are licensed to do business in this District. Each Defendant  
7 has transacted business, maintained substantial contacts, or committed overt acts in furtherance of the illegal  
8 scheme and conspiracy throughout the United States, including in this District. The conspiracy occurred in  
9 this judicial District. The conspiracy has been directed at, and has had the intended effect of, causing injury  
10 to persons residing in, located in, or doing business throughout the United States, including in this District.

11 20. This Court has personal jurisdiction over each Defendant because, each Defendant: (a)  
12 transacted business throughout the United States, including in this District; (b) transacted in substantial  
13 amounts of the Relevant Securities throughout the United States; (c) had substantial contacts with the United  
14 States, including this District; and/or (d) engaged in an antitrust conspiracy that was directed at and had a  
15 direct, foreseeable, and intended effect of causing injury to the business or property of persons residing in,  
16 located in, or doing business throughout the United States, including in this District.

17 21. The activities of the Defendants and all co-conspirators—whether unnamed or as of yet  
18 unknown—as described herein, were within the flow of, were intended to, and did have direct, substantial,  
19 and reasonably foreseeable effects on the foreign and interstate commerce of the United States.

## 20 PARTIES

### 21 A. Plaintiff Sabrina Clapp

22 22. Plaintiff Sabrina Clapp is a resident of the State of Kentucky. Before January 28, 2021,  
23 Plaintiff Clapp purchased and owned securities in Nokia on Robinhood. Plaintiff Clapp bought these  
24 Relevant Securities with cash and not on margin.

25 23. On January 27, 2021, Plaintiff Clapp attempted to purchase Relevant Securities but was  
26 unable to do so because Defendants had deactivated the “buy” features on their applications due to the  
27 anticompetitive scheme.

28

1           24.       Plaintiff Clapp was unable to search for the Relevant Securities on Defendant Robinhood's  
2 platform on January 28, 2021.

3           **B.       Plaintiff Denise Redfield**

4           25.       Plaintiff Denise Redfield is a resident of the Commonwealth of Pennsylvania. On January  
5 28, 2021, Plaintiff Redfield attempted to purchase Relevant Securities including BlackBerry, and Nokia via  
6 market order on Robinhood. Plaintiff, Redfield attempted to buy these Relevant Securities with cash and not  
7 on margin. Plaintiff, Redfield, was unable to buy these Relevant Securities, but was instead informed by  
8 Robinhood that her market orders had been cancelled.

9           26.       On January 29, and again on February 1, 2021, Plaintiff Redfield attempted to purchase  
10 Relevant Securities on Defendant Robinhood but was prohibited or limited from doing so due the  
11 anticompetitive scheme. Plaintiff, Redfield attempted to buy these Relevant Securities with cash and not on  
12 margin. Plaintiff, Redfield was unable to buy these Relevant Securities as she wished, but was instead  
13 informed by Robinhood that her market orders had been either cancelled or filled but limited to the purchase  
14 of either one share or five shares of specific Relevant Securities.

15           **C.       Brokerage Defendants**

16           **a.       Defendant Ally Financial Inc.**

17           27.       Defendant Ally Financial Inc. ("Ally") is a Delaware corporation, with its headquarters  
18 located at Ally Detroit Center 500, Woodward Ave., Floor 10, Detroit, Michigan. Ally provides financial  
19 services including an electronic trading platform to trade financial assets. Ally sold Relevant Securities directly  
20 to members of the Class during the Class Period.

21           **b.       Defendant Alpaca Securities LLC**

22           28.       Defendant Alpaca Securities LLC ("Alpaca") is a Delaware corporation, with its headquarters  
23 at 20 N San Mateo Drive Suite 10, San Mateo, California. Alpaca provides financial services including an  
24 electronic trading platform to trade financial assets. Alpaca sold Relevant Securities directly to members of  
25 the Class during the Class Period.

26           **c.       Defendant Cash App**

27           29.       Defendant Cash App Investing LLC ("Cash App Investing") is a Delaware corporation  
28 headquartered at 920, SW 6th Avenue Ste. 1200, Portland, Oregon. Cash App Investing is a wholly owned



1 subsidiary of Square Inc. Cash App Investing provides financial services including an electronic trading  
2 platform to trade financial assets. Cash App Investing sold Relevant Securities directly to members of the  
3 Class during the Class Period. Square Inc. and Cash App Investing LLC are referred collectively as “Cash  
4 App.”

5 30. Defendant Square Inc. is a Delaware corporation with its headquarters located at 1455  
6 Market Street, Suite 600, San Francisco, California.

7 **d. Defendant Dough**

8 31. Defendant Dough LLC (“Dough”) is a Delaware limited-liability corporation, with its  
9 headquarters located at 327 N. Aberdeen Street, Chicago, Illinois. Dough provides financial services including  
10 an electronic trading platform to trade financial assets. Dough sold Relevant Securities directly to members  
11 of the Class during the Class Period.

12 **e. Defendant E\*Trade**

13 32. Defendant Morgan Stanley Smith Barney LLC (“Morgan Stanley”) is a Delaware limited-  
14 liability corporation and parent company of E\*Trade, with its headquarters located at 1585 Broadway  
15 Avenue, New York, New York. Morgan Stanley is the owner and ultimate parent of E\*Trade Securities LLC,  
16 E\*Trade Financial Corporation, and E\*Trade Financial Holdings. Morgan Stanley, E\*Trade Securities LLC,  
17 E\*Trade Financial Corporation, and E\*Trade Financial Holdings are collectively referred to as “E\*Trade.”

18 33. Defendant E\*Trade Securities LLC is a Delaware limited-liability corporation, with its  
19 headquarters at 671 North Glebe Road, Ballston Tower, Arlington, Texas.

20 34. Defendant E\*Trade Financial Corporation is a Delaware corporation, with its headquarters  
21 at 671 North Glebe Road, Ballston Tower, Arlington, Texas.

22 35. Defendant E\*Trade Financial Holdings, LLC is a Delaware limited-liability corporation, with  
23 its headquarters at 671 North Glebe Road, Ballston Tower, Arlington, Texas.

24 **f. Defendant eToro**

25 36. Defendant Etoro USA Securities, Inc. (“eToro”) is a Delaware corporation and owner of the  
26 application eToro, headquartered at 221 River St., 9th Floor, Hoboken, New Jersey. eToro provides financial  
27 services including an electronic trading platform to trade financial assets. eToro sold Relevant Securities  
28 directly to members of the Class during the Class Period.

1                   **g. Defendant Freetrade**

2                   37. Defendant Freetrade, Ltd. (“Freetrade”) is a company incorporated in the United Kingdom,  
3 headquartered at 32-38 Leman Street, London, United Kingdom. Freetrade provides financial services  
4 including an electronic trading platform to trade financial assets. Freetrade sold Relevant Securities directly  
5 to members of the Class during the Class Period.

6                   **h. Defendant Interactive Brokers**

7                   38. Defendant Interactive Brokers LLC (“Interactive Brokers”) is a Delaware limited-liability  
8 corporation headquartered at 1 Pickwick Plaza, Greenwich, Connecticut. Interactive Brokers provides  
9 financial services including an electronic trading platform to trade financial assets. Interactive Brokers sold  
10 Relevant Securities directly to members of the Class during the Class Period.

11                   **i. Defendant M1 Finance**

12                   39. Defendant M1 Finance, LLC (“M1 Finance”) is a Delaware corporation headquartered at  
13 200 North La Salle Street, Suite 800, Chicago, Illinois. M1 Finance provides financial services including an  
14 electronic trading platform to trade financial assets. M1 Finance sold Relevant Securities directly to members  
15 of the Class during the Class Period.

16                   **j. Defendant Public.com**

17                   40. Defendant Open To The Public Investing, Inc. (“Public.com”) is a New York corporation,  
18 headquartered at 1 State Street Plaza, 10th Floor, New York, New York. Public.com provides financial  
19 services including an electronic trading platform to trade financial assets. Public.com sold Relevant Securities  
20 directly to members of the Class during the Class Period.

21                   **k. Defendant Robinhood**

22                   41. Defendant Robinhood Markets, Inc. is a Delaware corporation with its principal place of  
23 business at 85 Willow Road, Menlo Park, California. Defendant Robinhood Markets, Inc. is the corporate  
24 parent of and controls the affairs of Defendants Robinhood Financial, LLC and Robinhood Securities, LLC.

25                   42. Defendant Robinhood Financial, LLC is a Delaware corporation with its principal place of  
26 business at 85 Willow Road, Menlo Park, California. It is a wholly- owned subsidiary of Robinhood Markets,  
27 Inc.

28                   43. Defendant Robinhood Securities, LLC is a Delaware corporation with its principal place of

1 business at 500 Colonial Center Parkway, Suite 100, Lake Mary, Florida. It is a wholly owned subsidiary of  
2 Defendant Robinhood Markets, Inc. Defendant Robinhood Financial (collectively, with Robinhood  
3 Financial, LLC and Robinhood Markets, Inc. as “Robinhood”).

4 44. Robinhood provides financial services including an electronic trading platform to trade  
5 financial assets. Robinhood sold Relevant Securities directly to members of the Class during the Class Period.

6 **l. Defendant Stash**

7 45. Defendant Barclays Bank PLC is a company incorporated in the United Kingdom, and  
8 headquartered at 745 7th Ave New York, New York. Barclays Bank PLC is the ultimate corporate parent of,  
9 and controls the affairs of Stash Financial, Inc.

10 46. Defendant Stash Financial, Inc. (“Stash”) is a Delaware corporation and owner of the  
11 application Stash, headquartered at 500 7th Avenue, 18th Floor, New York, New York. Stash is a wholly-  
12 owned subsidiary of Barclays Bank PLC. Stash provides financial services including an electronic trading  
13 platform to trade financial assets. Stash sold Relevant Securities directly to members of the Class during the  
14 Class Period.

15 **m. Defendant Tastyworks**

16 47. Defendant IG Group Holdings PLC is a Delaware public limited company and ultimate  
17 corporate parent of and controls the affairs Tastyworks, Inc., headquartered at 200 West Jackson Blvd., Suite  
18 1450, Chicago, Illinois.

19 48. Defendant Tastyworks, Inc. is a Delaware corporation and wholly-owned subsidiary of IG  
20 Group Holdings PLC, headquartered at 100 West Fulton Market Street, Suite 220, Chicago, Illinois (IG  
21 Holdings and Tastyworks, Inc. collectively, “Tastyworks”).

22 49. Tastyworks provides financial services including an electronic trading platform to trade  
23 financial assets. Tastyworks sold Relevant Securities directly to members of the Class during the Class Period.

24 **n. Defendant TD Ameritrade**

25 50. Defendant The Charles Schwab Corporation is a Delaware corporation with its principal  
26 place of business at 211 Main Street, San Francisco, California. The Charles Schwab Corporation is the  
27 ultimate corporate parent of and controls the affairs of Charles Schwab & Co., Inc. and TD Ameritrade Inc.

28 51. Defendant Charles Schwab & Co. Inc. is a California corporation with its principal place of

1 business at 211 Main Street, San Francisco, California. Charles Schwab & Co. Inc. is a wholly owned  
2 subsidiary of The Charles Schwab Corporation.

3 52. Defendant TD Ameritrade, Inc., is a New York corporation with its principal place of  
4 business in Illinois. As of October 2020, The Charles Schwab Corporation acquired TD Ameritrade, Inc.  
5 The Charles Schwab Corporation, Charles Schwab & Co., Inc. and TD Ameritrade, Inc. collectively, “TD  
6 Ameritrade.” TD Ameritrade provides financial services including an electronic trading platform to trade  
7 financial assets. TD Ameritrade sold Relevant Securities directly to members of the Class during the Class  
8 Period.

9 **o. Defendant Trade Republic**

10 53. Defendant FF Trade Republic Growth, LLC (“Trade Republic”) is a Delaware corporation,  
11 headquartered at One Letterman Drive, Building D, 5th Floor, San Francisco, California. Trade Republic  
12 provides financial services including an electronic trading platform to trade financial assets. Trade Republic  
13 sold Relevant Securities directly to members of the Class during the Class Period.

14 **p. Defendant Trading 212**

15 54. Defendant Trading 212 Ltd. is a Bulgarian company headquartered at 3 Lachezar Stanchev  
16 Str., Litex Tower, Floor 10, Sofia 1797, Bulgaria. Trading 212 Ltd. is the ultimate corporate parent of and  
17 controls the affairs of Trading 212 UK Ltd.

18 55. Defendant Trading 212 UK Ltd. is a company incorporated in the United Kingdom  
19 headquartered at 107 Cheapside, London, United Kingdom. Trading 212 UK Ltd. a wholly-owned subsidiary  
20 of Trading 212 Ltd. (Trading 212 Ltd. and Trading 212 UK Ltd. collectively, “Trading 212”). Trading 212  
21 provides financial services including an electronic trading platform to trade financial assets. Trading 212 sold  
22 Relevant Securities directly to members of the Class during the Class Period.

23 **q. Defendant WeBull**

24 56. Defendant Fumi Holdings, Inc. is a Chinese corporation. Fumi Holdings, Inc. and  
25 headquartered in Hunan, China. Fumi Holdings, Inc. is the corporate parent of, and controls the affairs of  
26 Webull Financial LLC.

27 57. Defendant Webull Financial LLC (“WeBull”) is a Delaware corporation and wholly-owned  
28 subsidiary of Fumi Holdings, Inc., headquartered at 44 Wall Street, Ste 501, New York, New York. WeBull

1 is a wholly-owned subsidiary of Fumi Holdings, Inc. WeBull provides financial services including an  
2 electronic trading platform to trade financial assets. WeBull sold Relevant Securities directly to members of  
3 the Class during the Class Period.

4 **D. Fund Defendants**

5 **a. Defendant Citadel**

6 58. Defendant Citadel Enterprise Americas LLC is a Delaware limited-liability corporation,  
7 headquartered at 131 South Dearborn Street, Chicago, Illinois. Citadel Enterprise Americas LLC is the  
8 corporate parent of, and controls the affairs of Citadel Securities LLC.

9 59. Defendant Citadel Securities LLC is a Delaware limited-liability corporation, headquartered  
10 at 131 South Dearborn Street, Chicago, Illinois. Citadel Securities LLC is a wholly-owned subsidiary of  
11 Citadel Enterprise Americas LLC. Citadel Enterprise Americas, LLC and Citadel Securities LLC collectively,  
12 “Citadel.”

13 60. Defendant Citadel took short positions in the Relevant Securities. Citadel actively  
14 participated in the conspiracy and the wrongful acts alleged herein.

15 **b. Defendant Melvin Capital**

16 61. Defendant Melvin Capital Management LP (hereinafter “Melvin Capital”) is a Delaware  
17 limited partnership headquartered at 535 Madison Avenue, 22nd Floor, New York, New York.

18 62. Defendant Melvin Capital took short positions in the Relevant Securities. Melvin Capital  
19 actively participated in the conspiracy and the wrongful acts alleged herein.

20 **c. Defendant Sequoia**

21 63. Defendant Sequoia Capital Operations LLC (“Sequoia”) is a Delaware limited-liability  
22 corporation, headquartered at 2800 Sand Hill Road, Suite 101, Menlo Park, California.

23 64. Defendant Sequoia actively participated in the conspiracy and the wrongful acts alleged  
24 herein.

25 **E. Clearinghouse Defendants**

26 **a. Defendant Apex**

27 65. Defendant Apex Clearing Corporation (“Apex”) is a New York corporation headquartered  
28 at One Dallas Center, 350 N. St. Paul, Suite 1300, Dallas, Texas.

1 66. Defendant Apex participated in the conspiracy and the wrongful acts alleged herein.

2 **b. Defendant Depository Trust & Clearing Corporation**

3 67. Defendant The Depository Trust & Clearing Corporation (“DTCC”) is a New York  
4 company headquartered at 55 Water Street, New York, New York.

5 68. Defendant DTCC participated in the conspiracy and the wrongful acts alleged herein.

6 **AGENTS AND CO-CONSPIRATORS**

7 69. The anticompetitive and unlawful acts alleged against the Defendants in this class action  
8 complaint were authorized, ordered or performed by the Defendants’ respective officers, agents, employees,  
9 representatives, or shareholders while actively engaged in the management, direction, or control of the  
10 Defendants’ businesses or affairs.

11 70. The Defendants’ agents operated under the explicit and apparent authority of their  
12 principals.

13 71. Each Defendant, and its subsidiaries, affiliates and agents operated as a single unified entity.

14 72. Various persons and/or firms not named as Defendants herein may have participated as co-  
15 conspirators in the violations alleged herein and may have performed acts and made statements in  
16 furtherance thereof.

17 73. Each Defendant acted as the principal, agent, or joint venture of, or for other Defendants  
18 with respect to the acts, violations, and common course of conduct alleged herein.

19 **CLASS ALLEGATIONS**

20 74. Plaintiffs bring this action for damages and injunctive relief on behalf of themselves and all  
21 others similarly situated as a class action pursuant to Rules 23(a), (b)(2) and (b)(3) of the Federal Rules of  
22 Civil Procedure, on behalf of the following Class:

23 All persons or entities in the United States that directly purchased securities in GameStop  
24 Corp. (GME), AMC Entertainment Holdings Inc. (AMC), American Airlines Group Inc.  
25 (AAL), Bed Bath & Beyond Inc. (BBBY), BlackBerry Ltd. (BB), Express, Inc. (EXPR), Koss  
26 Corporation (KOSS), Naked Brand Group Ltd. (NAKD), Nokia Corp. (NOK), Sundial  
27 Growers Inc. (SNDL), Tootsie Roll Industries, Inc. (TR), or Trivago N.V. (TRVG) from one  
28 or more of the Defendants between January 1, 2021 through and until the anticompetitive  
effects of Defendants’ unlawful conduct cease (the “Class Period”).

75. This Class definition specifically excludes the following person or entities:

- 1 a. Any of the Defendants named herein;
- 2 b. Any of the Defendants' co-conspirators;
- 3 c. Any of Defendants' parent companies, subsidiaries, and affiliates;
- 4 d. Any of Defendants' officers, directors, management, employees, subsidiaries,
- 5 affiliates, or agents;
- 6 e. All governmental entities; and
- 7 f. The judges and chambers staff in this case, as well as any members of their
- 8 immediate families.

9 76. Plaintiffs do not know the exact number of Class members, because such information is in  
10 the exclusive control of Defendants. Plaintiffs are informed and believe that, due to the nature of the trade  
11 and commerce involved, there are millions of Class members geographically dispersed throughout the  
12 United States and elsewhere, such that joinder of all Class members in the prosecution of this action is  
13 impracticable.

14 77. Plaintiffs' claims are typical of the claims of their fellow Class members because Plaintiffs  
15 directly purchased stocks and instruments via the Brokerages. Plaintiffs and all Class members were damaged  
16 by the same wrongful conduct of Defendants as alleged herein, and the relief sought herein is common to  
17 all members of the Class.

18 78. Plaintiffs will fairly and adequately represent the interests of the Class because they  
19 purchased the Relevant Securities directly from the one or more of the Defendants and have no conflicts  
20 with any other members of the Class. Furthermore, Plaintiffs have retained sophisticated and competent  
21 counsel who is experienced in prosecuting antitrust class actions, as well as other complex litigation.

22 79. Numerous questions of law or fact common to the entire Class—including, but not limited  
23 to those identified below—arise from Defendants' anticompetitive and unlawful conduct:

- 24 a. whether Defendants combined or conspired with one another to artificially suppress
- 25 prices for the Relevant Securities at any time during the Class Period to purchasers in
- 26 the United States;
- 27 b. whether Defendants combined or conspired with one another to fix, raise, maintain,
- 28 stabilize and/or suppress prices for Relevant Securities at any time during the Class

1 Period to purchasers in the United States;

2 c. whether Defendants' conduct caused the prices of the Relevant Securities, sold or  
3 held by the Retail Investors in the United States at any time during the Class Period  
4 to be artificially fixed, suppressed, maintained or stabilized;

5 d. whether Plaintiffs and the other members of the Class were injured by Defendants'  
6 conduct and, if so, the appropriate Class-wide measure of damages; and

7 e. whether Plaintiffs and other members of the Class are entitled to, among other things,  
8 injunctive relief, and, if so, the nature and extent of such relief.

9 80. These and other questions of law and fact are common to the Class and predominate over  
10 any questions affecting the Class members individually.

11 81. Defendants have acted on grounds generally applicable to the Class, thereby making final  
12 injunctive relief appropriate with respect to the Class as a whole. This class action is superior to alternatives,  
13 if any, for the fair and efficient adjudication of this controversy. Prosecuting the claims pleaded herein as a  
14 class action will eliminate the possibility of repetitive litigation. There will be no material difficulty in the  
15 management of this action as a class action.

16 82. The prosecution of separate actions by individual Class members would create the risk of  
17 inconsistent or varying adjudications, establishing incompatible standards of conduct for Defendants.

### 18 **FACTUAL ALLEGATIONS**

19 83. Retail Investors participate in online financial discussion forums, including but not limited  
20 to Reddit, Facebook, and TikTok. Through these forums, and elsewhere, Retail Investors are able to trade  
21 information about their market observations and help like-minded peers benefit from their research. During  
22 the Relevant Period, Retail Investors communicated and exchanges information regarding the Relevant  
23 Securities, among other things.

24 84. Based on their research, the Retail Investors, through stockbrokers such as the Brokerage  
25 Defendants, invested in the Relevant Securities that they believed would increase in price and grow.

26 85. The Fund Defendants and unnamed co-conspirators purchased and held "short" positions  
27 in the Relevant Securities. By the nature of the short positions, the Fund Defendants, the Clearinghouse  
28 Defendants and certain unnamed co-conspirators stood to benefit and substantially profit were the prices of



1 the Relevant Securities to decrease. Short-selling is highly speculative. In a free and open market, there would  
2 be substantial financial risk that prices might increase causing the short sellers to cover the contract at a loss.

3 86. The Fund Defendants, Clearinghouse Defendants and unnamed co-conspirators predicted  
4 incorrectly. The Relevant Securities grew in value, exposing the Defendant Funds and Clearing Houses to  
5 billions of dollars in losses.

6 87. Rather than facing the consequences of their risky bets, the Fund Defendants, Clearinghouse  
7 Defendants and their co-conspirators entered into an agreement and conspiracy to prevent the market from  
8 operating, to prevent decrease in prices of the Relevant Securities, to avoid their own financial losses and to  
9 cause financial losses to Plaintiffs and the members of the Class.

### 10 ***Background***

11 88. Retail Investors or individual investors are non-professional investors that execute their  
12 personal trades through brokerage firms or investment accounts.

13 89. Retail Investors discuss and exchange information regarding investments including the  
14 Relevant Securities on financial discussion forums on social networking sites like Reddit, Facebook, Twitter,  
15 TikTok and Discord.

16 90. Many of the Brokerage Defendants represented to the Retail Investors that they were  
17 offering free brokerage services to facilitate fair trading in the stock market.

18 91. The Brokerage Defendants are stockbrokers that run online platforms from which Plaintiffs  
19 and other Retail Investors directly purchase and sell securities during the Class Period.

20 92. The Retail Investors identified as early as 2019, that GameStop's (GME) stock price was  
21 lower than they expected it to be based on GameStop's publicly available financial disclosures and future  
22 prospects.

23 93. GameStop, for example, despite being a brick-and-mortar store specializing in video games  
24 that can now be downloaded from a person's home, possessed ample cash reserves, was regularly paying off  
25 its debts and was presented new opportunity with the release of the next generation of gaming platforms.  
26 Despite this, in 2019, GameStop's stock was valued as low as \$3 per share. Retail Investors correctly deduced  
27 that GameStop was undervalued because large financial institutions had taken large short positions,  
28 essentially betting on GameStop's failures. Due to GameStop's low stock price, the Retailer Investors

1 correctly determined GameStop represented a good investment opportunity.

2 94. In addition to GameStop, Retail Investors invested in the other Relevant Securities based on  
3 their valuation and anticipated business performance. For example, Retail Investors invested in Nokia (NOK)  
4 because Nokia, which had historically focused its business on the manufacture and sale of mobile phone  
5 handsets, had been expanding in other industries, including investing in 5G communication networks,  
6 including towers and other infrastructure.

7 95. Like other Retail Investors, Plaintiffs purchased “long” positions in these companies,  
8 including stocks, option contracts and other securities.

9 96. In a free and open market, stock prices are determined by the laws of supply and demand as  
10 purchasers and sellers bid and ask stock prices. As more investors buy a certain stock, and bid up the stock’s  
11 prices, the market price for the stock rises. Conversely, as investors sell stock, the stock price is bid down and  
12 the market price for the stock declines.

13 97. If an investor has a long position, it means that the investor has bought and owns those  
14 shares of stocks (in contrast to a short position, where the investor owes those stocks to someone, but does  
15 not actually own them yet). Investors holding long positions generally own the stock with the expectation  
16 that it will rise in value and it will be worth more than they paid for it. When the investor sells a long position,  
17 the profit or loss from the same is the difference between the purchase price of the security and the sale  
18 price of the security.

19 98. Retail Investors took long positions in the Relevant Securities with the expectation that the  
20 stock would increase in value, generally because they believed that the respective companies’ business  
21 prospects were improving. Investors in the Relevant Securities generally believed they were good investment  
22 opportunities, and that prices of their securities would rise as can be expected when a market is operating  
23 freely, without fraud, conspiracy or manipulation.

24 99. Institutional investors, including the Fund Defendants and unnamed co-conspirators,  
25 acquired massive “short” positions in the Relevant Securities.

26 100. As indicated above, “short” sellers borrow shares of an asset that they believe will fall in  
27 price only to buy them after the asset declines in value. Short sellers essentially bet on an asset’s failure rather  
28 than its success. Profit is made in the difference between the value lost at the time sold versus when the time

1 when the short position is bought. For example, a short seller borrows a share of Company X (for a fee)  
2 from a broker which is presently valued at \$10. The short seller immediately sells the share and waits for the  
3 value of the share to drop. The share price then falls to \$4. The short seller then purchases the share at the  
4 reduced value of \$4 and returns it to the lender and earns the difference of \$6. Short sales are often time  
5 limited. On the other hand, if the price of the share rises to \$20, the short seller would need to purchase the  
6 share at \$20 to return it to the lender, thereby incurring a loss of \$10.

7 101. To a short seller, the more a stock price increases, the greater the loss to the short seller. The  
8 theoretical loss to a short investor who predicts wrongly is potentially infinite. Should a short seller want to  
9 exit a short position in the face of rapidly increasing stock price, they must “buy back” the stock at the higher  
10 price to return to the institution they borrowed the share from. Risk from bad short selling investments is  
11 potentially ruinous and catastrophic.

12 102. On the other hand, an investor who purchases a stock “long” is limited to a maximum loss  
13 of the price of an asset potentially decreasing to zero.

14 103. Defendant Melvin Capital, for example, shorted approximately 140% of GameStop’s total  
15 stock. The practice of short selling more shares than exists is itself an illegal practice known as “naked  
16 shorting.” In a “naked” short sale, a seller does not borrow or arrange to borrow the necessary securities in  
17 time to deliver them to the buyer within the standard three-day settlement period. Although abusive “naked”  
18 short selling is not defined in the federal securities laws, it refers generally to selling short without having  
19 stock available for delivery and intentionally failing to deliver stock within the standard three-day settlement  
20 period.

21 104. As a result of Retail Investors purchasing long positions in the Relevant Securities, the stock  
22 price of these companies began to rise. As the value of the Relevant Securities increased, this resulted in a  
23 “short squeeze.”

24 105. A short squeeze occurs when a stock or other asset rises sharply in value, distressing short  
25 positions in the asset. A short squeeze therefore is when investors in short positions are faced with a rapid  
26 increase in the shorted asset’s value, exposing the short seller to increased loss. As the price of the asset rises,  
27 short sellers may face pressure to buy back stock to exit their short positions to mitigate their losses. In the  
28

1 absence of intervention, as short sellers exit their short positions to buy back stocks to cover their shorts,  
2 the purchase of stock further increases the price of the stock.

3 106. For example, with regard to GameStop, a popular Reddit user who also creates content on  
4 YouTube under the handle Roaring Kitty (“Roaring Kitty”) had reason to believe that hedge funds had  
5 entered into these short positions with respect to GameStop’s stock. Based on his own financial analysis,  
6 Roaring Kitty determined that GameStop was actually undervalued due to coordinated shorting of  
7 GameStop by numerous funds and made an initial purchase of \$50,000 of GameStop stock and published  
8 his investments on the Reddit financial discussion forum WallStreetBets.

9 107. WallStreetBets is a financial discussion forum on Reddit. WallStreetBets is characterized by  
10 a particular culture centered around discussion of financial investments and memes. Many users on  
11 WallStreetBets are sophisticated, financially savvy Retail Investors with business acumen.

12 108. Roaring Kitty regularly updated and continued to publish information and analysis that  
13 GameStop stocks were undervalued. In August 2020, Roaring Kitty posted an in-depth analysis of  
14 GameStop’s stock on his YouTube channel, walking his subscribers through his extensive analysis of the  
15 value proposition of the stock.

16 109. Attention to GameStop’s stock was not limited to online financial communities and  
17 discussion forums. Dr. Michael Burry (who gained fame for his investment decisions in relation with correctly  
18 predicting the 2008 financial crisis as presented in the film *The Big Short*) and his investment firm Scion Asset  
19 Management, LLC, spent nearly \$15 million to purchase stock in GameStop in 2019 at share prices between  
20 \$2 and \$4.20 per share for a 5% ownership position in GameStop. Retail Investors took notice and  
21 GameStop’s price steadily increased.

22 110. Ryan Cohen, the co-founder and former CEO of the pet e-commerce website Chewy.com,  
23 invested \$76 million and acquired a 12.9% stake in GameStop in 2020. Several Retail Investors were  
24 optimistic about Ryan Cohen’s involvement in GameStop, who joined the board of directors on January 11,  
25 2021.

26 111. Institutional investors, holding large short positions in GameStop’s stock and other Relevant  
27 Securities began to push back and attempted to message on media and elsewhere that the Relevant Securities  
28 were not as valuable as the Retail Investors thought. For example, on January 21, 2021, when GameStop was

1 valued at approximately \$20 per share, Andrew Left, the founder of Citron Research, a capital research and  
 2 investment firm, gave an interview explaining why he was shorting GameStop.

3 112. In response, Retail Investors further went long on GameStop and other Relevant Securities.  
 4 Given the operation of a free and open market, the prices of GameStop and other Relevant Securities was  
 5 bid up and prices increased. This exposed short sellers in those stocks, including the Fund Defendants, to  
 6 substantial loses. It was a textbook short squeeze.

7 113. On January 21, 2021, the Relevant Securities' stock prices increased substantially. For  
 8 example, on January 8, 2021, GameStop's stock was priced at \$17.69 per share. On January 27, 2021, driven  
 9 by investments from Retail Investors, GameStop's stock closed at \$347.51. Other Relevant Securities  
 10 experienced similar increases.

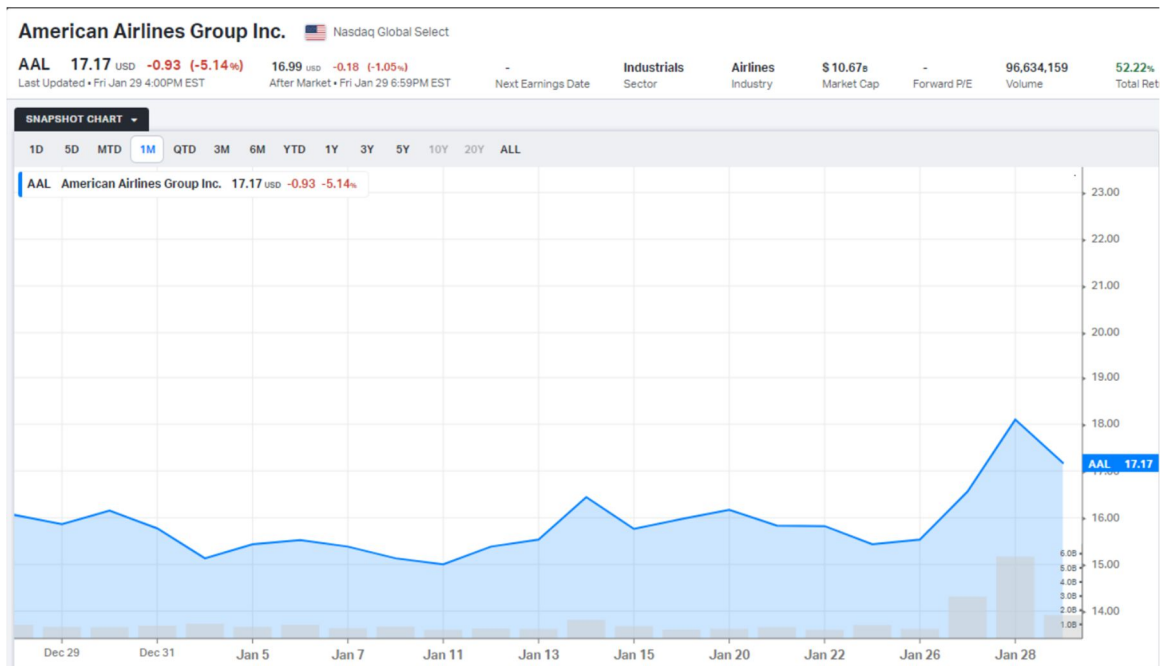
11 114. The chart below summarizes the prices of GameStop stock from December 28, 2020  
 12 through January 29, 2021.



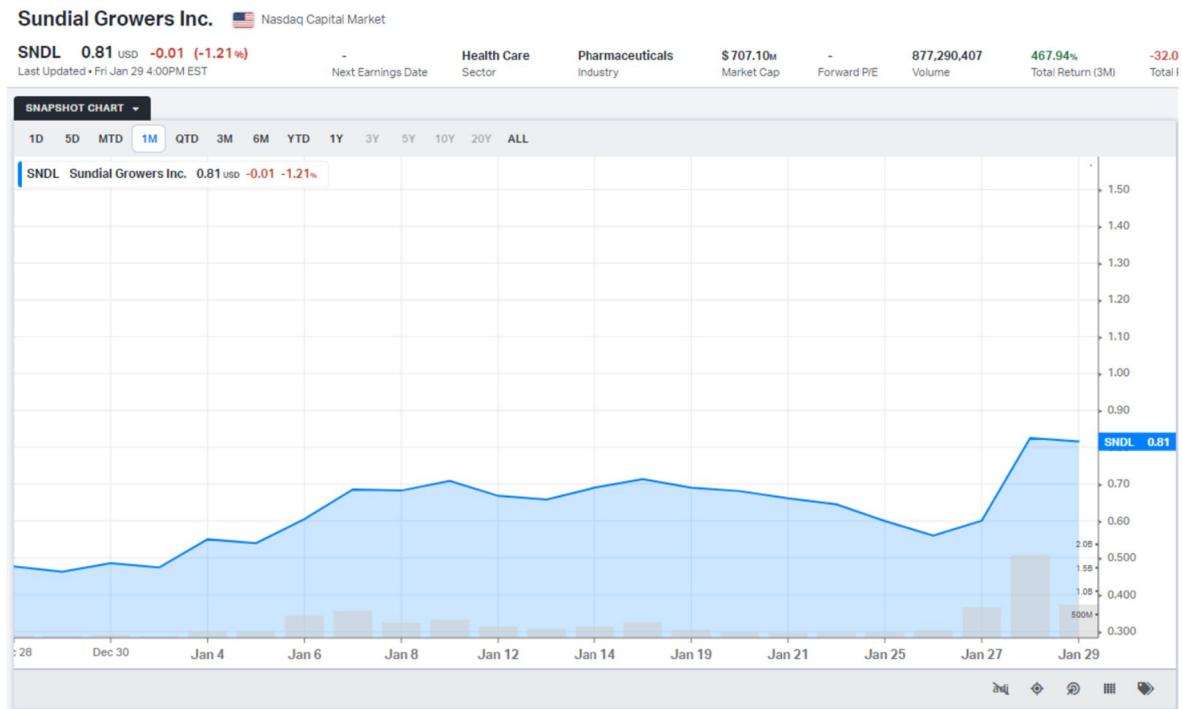
115. The chart below summarizes the prices of Nokia Corporation stock from December 28, 2020 through January 29, 2021.



116. The chart below summarizes the prices of American Airlines Group Inc. stock from December 28, 2020 through January 29, 2021.



117. The chart below summarizes the prices of Sundial Growers Inc. stock from December 28, 2020 through January 29, 2021.

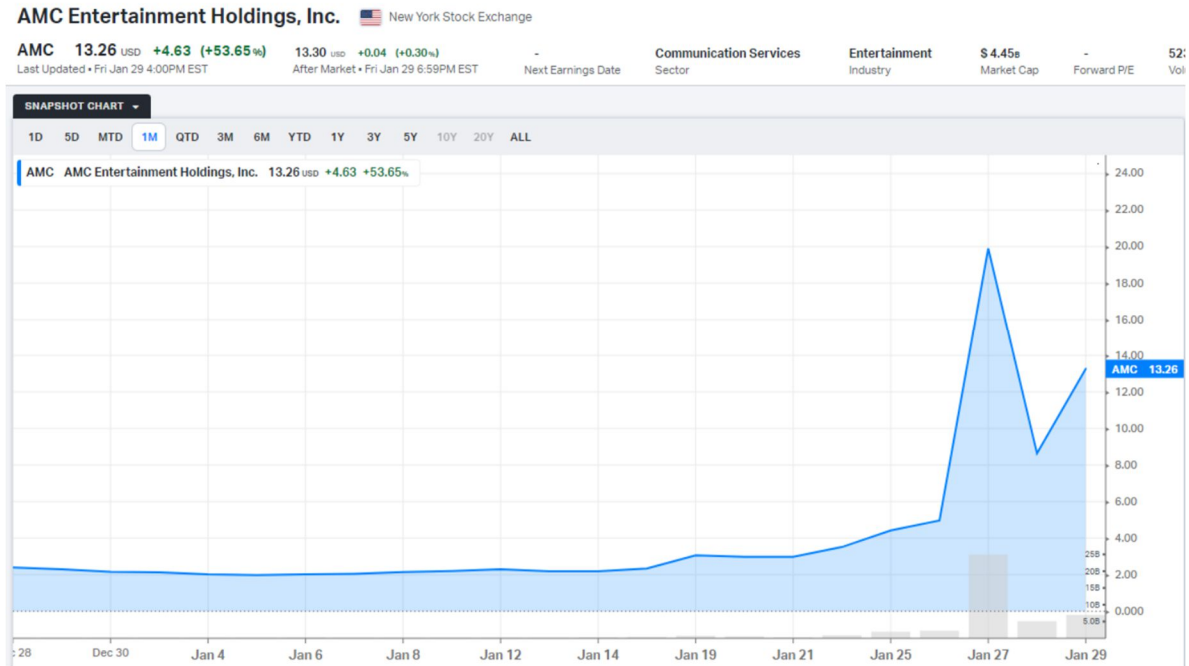


118. The chart below summarizes the prices of Naked Brand Group Limited stock from December 28, 2020 through January 29, 2021.

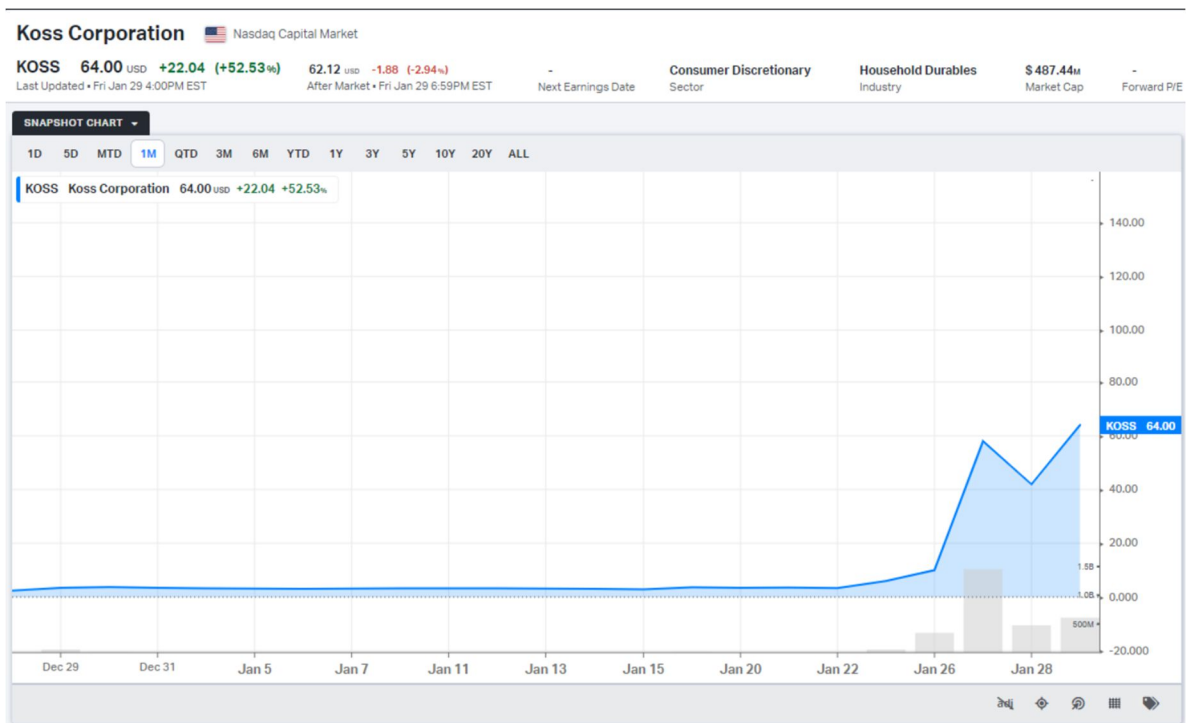




119. The chart below summarizes the prices of AMC Entertainment Holdings, Inc. stock from December 28, 2020 through January 29, 2021.

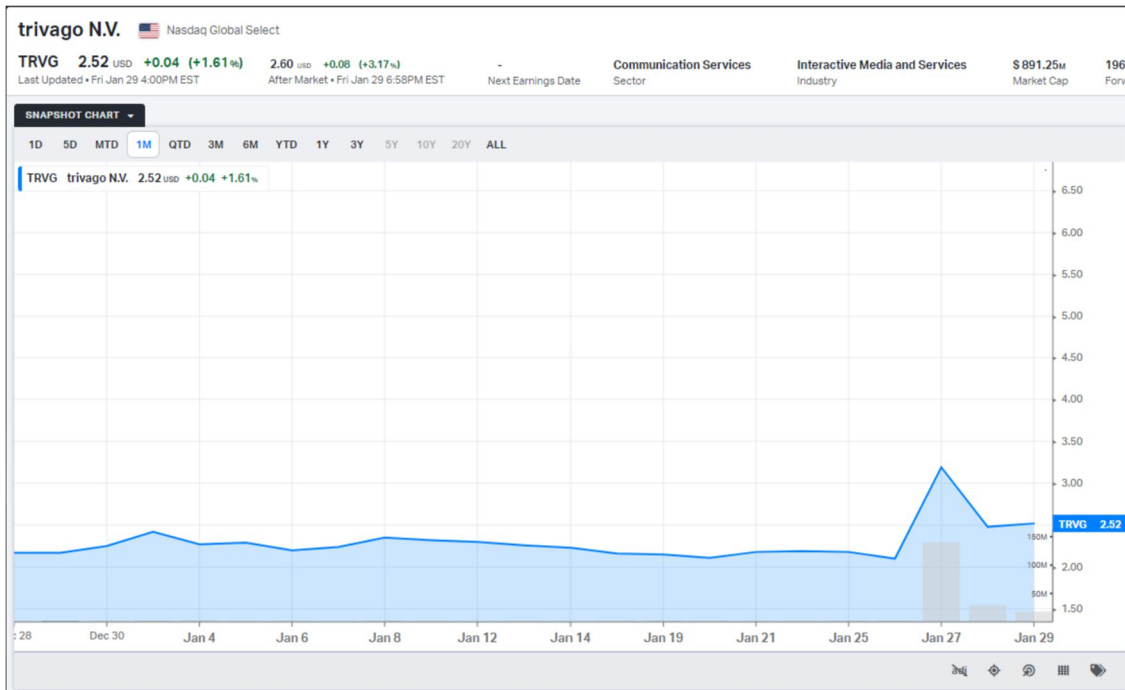


120. The chart below summarizes the prices of Koss Corporation stock from December 28, 2020 through January 29, 2021.





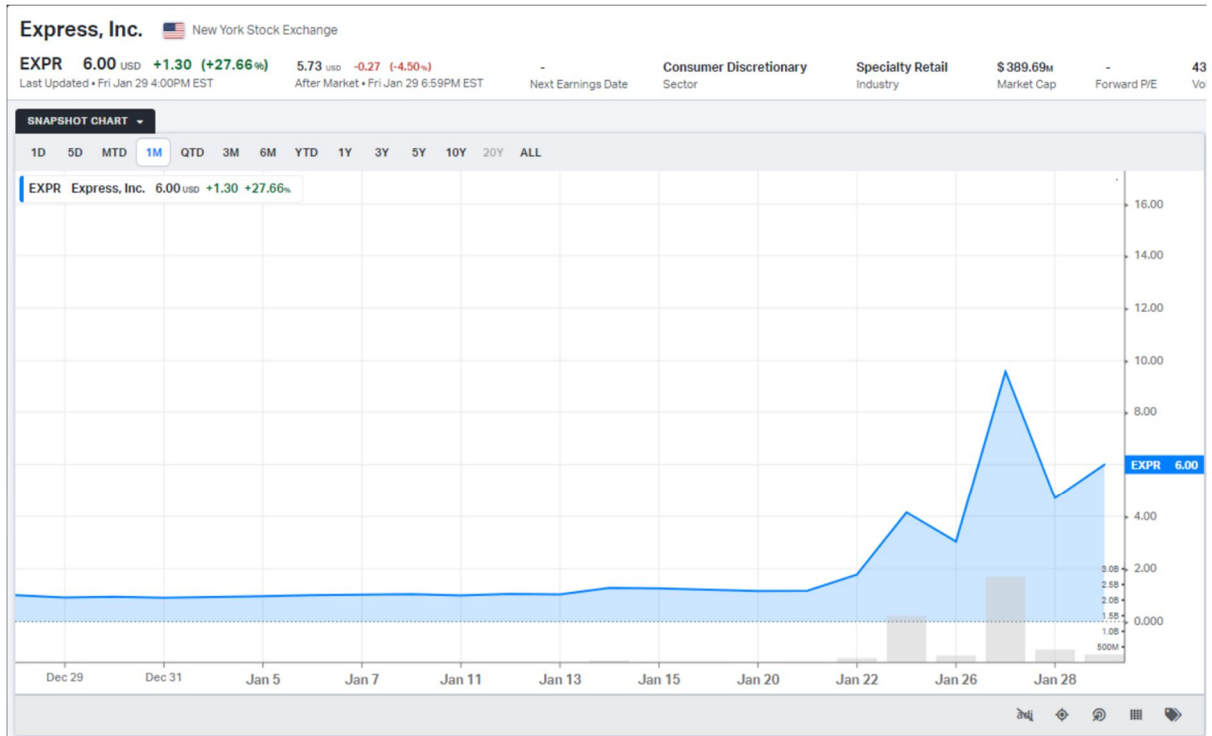
121. The chart below summarizes the prices of Trivago stock from December 28, 2020 through January 29, 2021.



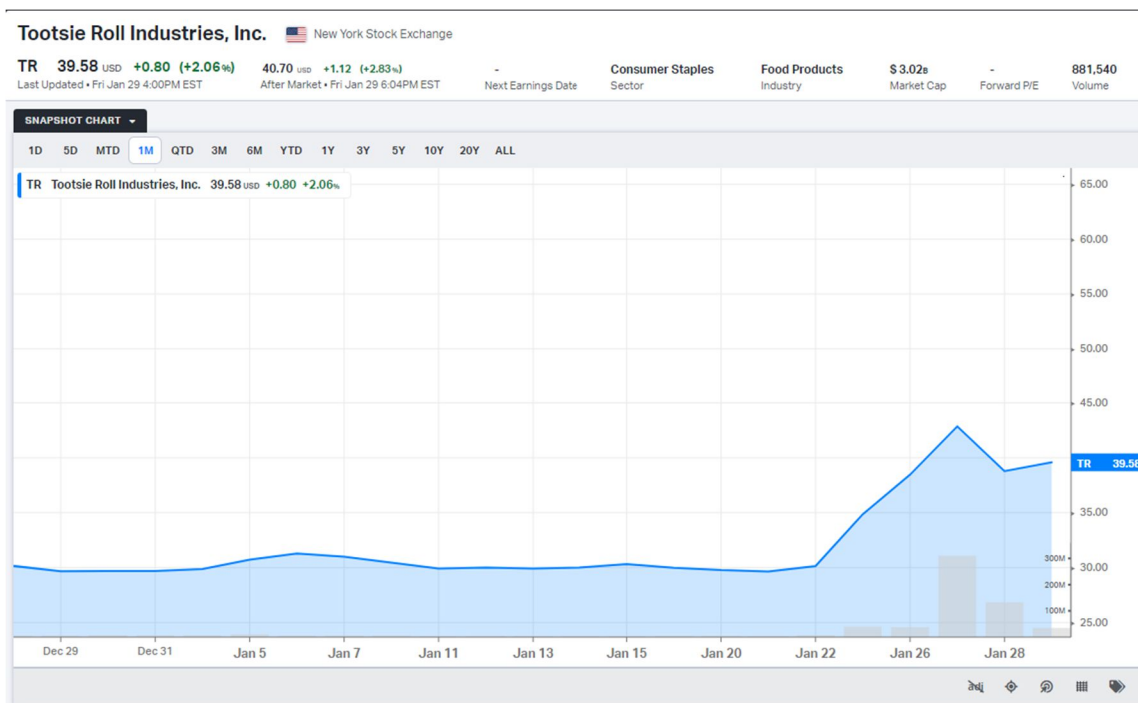
122. The chart below summarizes the prices of Bed Bath & Beyond stock from December 28, 2020 through January 29, 2021.



1 123. The chart below summarizes the prices of Express stock from December 28, 2020 through  
 2 January 29, 2021.



15 124. The chart below summarizes the prices of Tootsie Roll Industries Inc. stock from December  
 16 28, 2020 through January 29, 2021.



1 125. The chart below summarizes the prices of BlackBerry stock from December 28, 2020  
2 through January 29, 2021.



16 126. The tremendous growth in the Relevant Securities' stock price resulted in significant and  
17 potentially disastrous exposure of institutional investors, and hedge funds, including the Fund Defendants  
18 and their co-conspirators holding short positions in the Relevant Securities.

19 127. Defendant Citadel Investments, for example, holds a significant interest in Defendant Melvin  
20 Capital (who held an illegal naked 140% short position) and was forced to inject around \$3 billion along with  
21 another fund, Point72, to bailout Melvin Capital from its distressed short position.

22 128. In essence, small Retail Investors concluded that institutional investors had severely  
23 undervalued the Relevant Securities by shorting them, presenting a good investment opportunity. By  
24 investing in the undervalued Relevant Securities, the Retail Investors were outfoxing Wall Street at its own  
25 game.

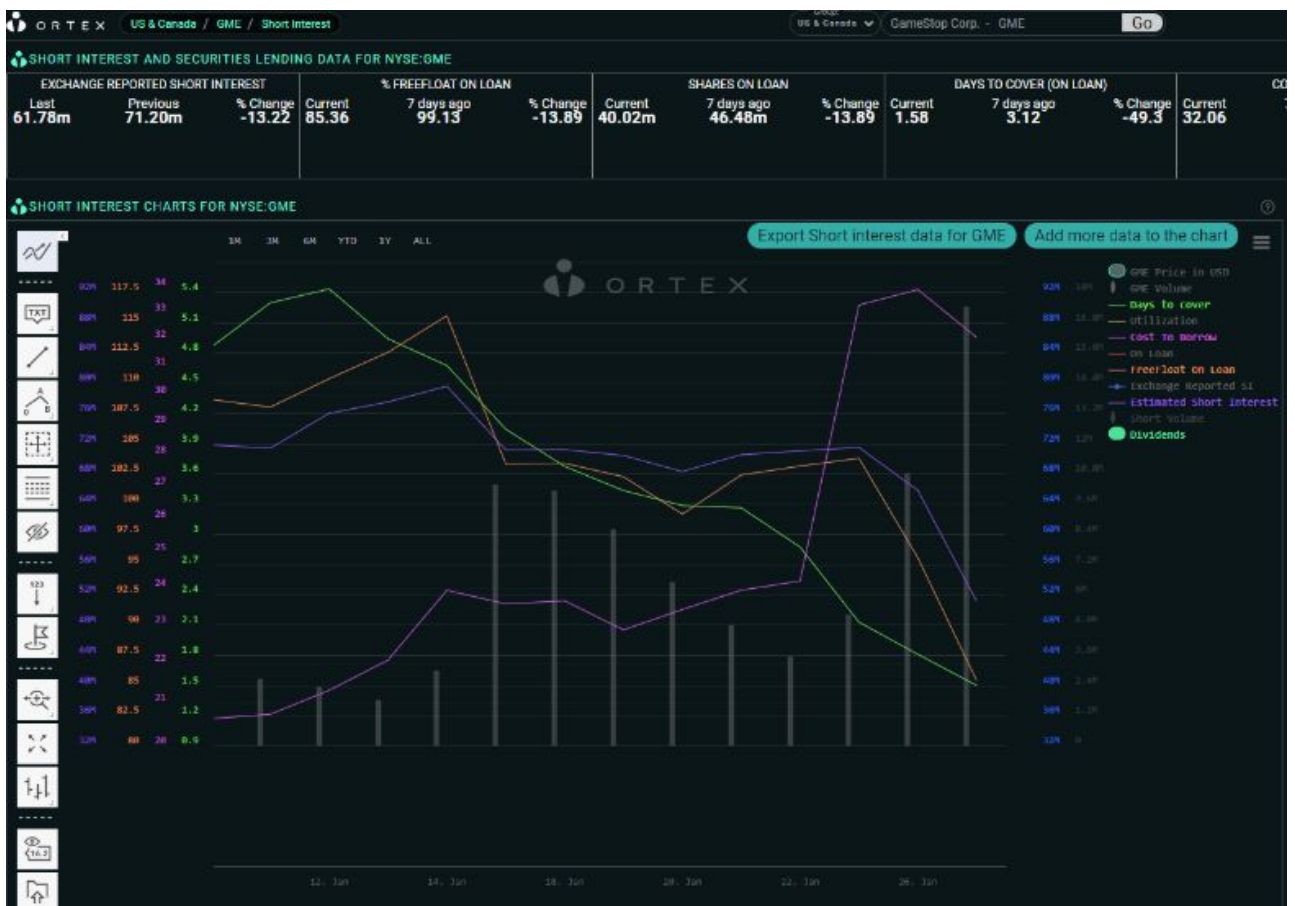
### 26 *The Illegal Scheme*

27 129. Rather than use their financial acumen to compete and invest in good opportunities in the  
28 market to recoup the loss in their short positions the growth in the Relevant Securities' prices represented,

1 or paying the price for their highly speculative bad bets, Defendants instead hatched an anticompetitive  
 2 scheme to limit trading in the Relevant Securities.

3 130. After the market closed on January 27, 2021, after-hours revealed suspicious coordinated  
 4 trading activity. After-hours trading is not available for individual Retail Investors and is restricted to  
 5 institutional investors such as hedge funds.

6 131. Analytics revealed a significant volume of GME short volume immediately prior to the  
 7 markets opening on January 28, *i.e.*, after-hour traders were taking more short positions suggesting after-hour  
 8 traders were trading in anticipation of a GME sell-off. The grey lines in chart below represent the volume  
 9 of short positions in GME. As demonstrated by the grey lines below, the volume of short positions was  
 10 much higher before January 28, 2021 than any of the prior days and had steadily increased the week prior.  
 11



1 132. As described above, Retail Investors cannot engage in after-hours trading. It is likely that this  
2 increase in short volume is the result of institutional investors, like the Fund Defendants, taking new short  
3 positions.

4 133. The dramatic increase in short positions was counterintuitive. Chatter in various financial  
5 discussion forums indicated high excitement and motivation on the part of Retail Investors to continue  
6 investing in the Relevant Securities. Many Retail Investors announced plans to increase positions in the  
7 Relevant Securities on January 28, 2021, which would mean the prices for the Relevant Securities were likely  
8 to go further up, not down.

9 *The Events of January 28, 2021*

10 134. As the markets opened on January 28, 2021, Retail Investors woke up to find that the  
11 Brokerage Defendants and other unnamed brokerages had suddenly and without notice restricted their ability  
12 to buy long positions in the Relevant Securities. Pursuant to the anticompetitive scheme, the Brokerage  
13 Defendants implemented these changes on or about the same time. It would not have been in their economic  
14 interest to do so, but for the illegal conspiracy.

15 135. Retail Investors that used Robinhood as their brokerage could no longer click on the “buy”  
16 option for any of the Relevant Securities. The “buy” button was deactivated as a feature, leaving users with  
17 no option but to sell their securities.

18 136. Defendant Robinhood addressed the “Why don’t I see a buy button?” question on its website  
19 here: <https://robinhood.com/us/en/support/articles/why-dont-i-see-a-buy-button/>. It offers three  
20 reasons for the buy button being unavailable on a user’s account. The three reasons are: (a) “It’s a foreign  
21 stock, which we don’t support.” (b) “It’s an over-the-counter (OTC) stock or a warrant, which Robinhood  
22 generally doesn’t support.” (c) “It’s a stock undergoing corporate action. The stock will be tradable again  
23 once the corporate action has been finalized.” Defendant Robinhood’s explanations made little sense,  
24 however, because the Relevant Securities were not foreign stocks, OTC stocks or stocks undergoing  
25 corporate actions during the Class Period. Robinhood does not warn users of any situation where it could  
26 prevent users from buying stock out of its own volition. This explanation was incomplete and untrue and  
27 did not disclose the conspiracy underlying the change.  
28

1 137. Retail Investors who had queued purchase orders overnight on January 27, 2021 to purchase  
2 stock when the markets opened on January 28, 2021 discovered that their purchase orders had been cancelled  
3 without their consent. Some received messages that claimed, “You canceled your order,” despite having never  
4 having done so.

5 Jan 27, 18:04

6 We've received your order to  
7 buy \$100.00 of NOK.

8 If this order isn't filled by the  
9 end of market hours (4pm ET)  
10 on the next trading day, it will  
11 expire.



12 Jan 28, 08:27

13 You've canceled your order to  
14 buy \$100.00 of NOK.



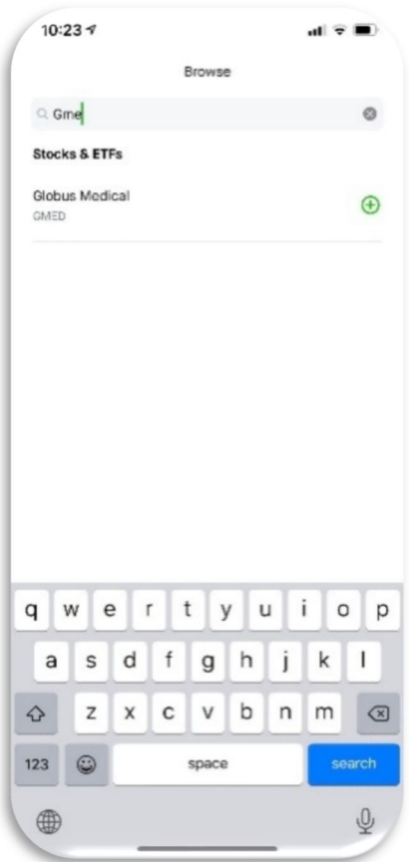
15 08:27

16 138. The restrictions on trading took different forms but had the same effect. Retail Investors  
17 were prohibited from opening new long positions in the Relevant Securities. In other words, Retail Investors  
18 were not permitted to purchase new positions but only permitted to sell their long positions but not buy  
19 more.

20 139. On Defendant Robinhood’s web platform and mobile app, Retail Investors were blocked  
21 from searching for the Relevant Securities in Robinhood’s app. In fact, their respective ticker symbols were  
22 not even searchable by Retail Investors. The market was essentially shut down with the purpose of benefitting  
23 the participants in the conspiracy and with the intent to harm Plaintiffs and the members of the Class.

24 140. Defendant Stash prohibited users from viewing tickers for the Relevant Securities, and the  
25 pages only displayed loading graphics (shown below). Other tickers were under no such restriction and were  
26 easily searchable on the platform. Because of the Stash platform’s design, a Retail Investor who cannot view  
27

1 the page for a particular asset cannot trade in that asset. As a result, Retail Investors were unable to access  
2 the page for the Relevant Securities to open new long positions in the Relevant Securities.



18 141. While there had been reports of increasing government attention from the SEC in relation  
19 to these rapidly increasing prices of the Relevant Securities, there was no formal governmental guidance  
20 issued to restrict trading in these stocks in advance of January 28, 2021.

21 142. Reporting throughout January 28, 2021, revealed that the ban on purchasing stock of the  
22 Relevant Securities was widespread among brokerages. On information and belief, the Brokerage Defendants  
23 adopted similar if not identical restrictions to Retail Investors from opening new positions in all, or at least  
24 one or more of the Relevant Securities. It is unlikely that they would have done so, but for the conspiratorial  
25 agreement. The market was essentially shut down with the purpose of benefitting the participants in the  
26 conspiracy and with the intent to harm Plaintiffs and the members of the Class.

27 143. Pursuant to the illegal anticompetitive scheme, the coordinated prohibition on buying any  
28 new Relevant Securities—through the Brokerage Defendants' forced foreclosure on Retail Investors from



1 buying Relevant Securities—led to a massive sell-off. This resulted in a steep decline in the stock prices for  
2 the Relevant Securities.

3 144. For example, on January 28, 2021, GameStop’s stock fell 44.11% and closed at \$193.60 per  
4 share. Retail Investors who wanted to take advantage of the price drop to buy more stock were unable to  
5 due to the coordinated ban on purchasing.

6 145. The prohibition on purchasing stock did not apply to all investors. Large investment firms  
7 such as the Fund Defendants faced no restrictions to purchasing the Relevant Securities. Whereas Retail  
8 Investors were excluded from purchasing securities at the reduced rate. Investment firms holding short  
9 positions were permitted to cover their short positions by buying securities at the artificially reduced price.

10 146. The coordinated prohibition on purchasing placed on Retail Investors quickly resulted in  
11 scrutiny from journalists and lawmakers. Defendant Robinhood in particular drew criticism from lawmakers  
12 on both sides of the aisle, including calls for Congressional and DOJ investigations.

13 147. In response to the events of January 28, 2021, the SEC issued a formal letter that it was  
14 investigating the situation on January 29, 2021.

15 148. Robinhood’s conflict-ridden relationship with the Fund Defendants quickly came to light. In  
16 addition to its financial interest in Defendant Melvin Capital, it was revealed that Defendant Citadel regularly  
17 worked closely with Defendant Robinhood, serving as Defendant Robinhood’s market maker over 60% of  
18 the time.

19 149. Defendant Citadel also pays Defendant Robinhood for order flow. Payment for order flow  
20 is a kickback that a brokerage firm receives for directing orders to third party-market makers, like Citadel, for  
21 trade execution.

22 150. Reporting revealed that Defendant Citadel had “reloaded” their short positions before  
23 instructing Defendant Robinhood to prohibit the purchases of GameStop and other stocks.

24 151. Employees of the Brokerage Defendants began to emerge as whistleblowers in online  
25 forums. A purported Robinhood employee reported on Reddit that Robinhood’s founder and other c-level  
26 executives had received calls from Defendant Sequoia Capital pressuring Robinhood into restricting trading  
27 in one or more of the Relevant Securities.

28 152. Other brokerage firms took overt acts in furtherance of the anticompetitive scheme. Certain



1 brokerages sold off long positions in stocks without the permission of the investor.

2 153. The Verge reported that several Retail Investors reported that they had purchased and filled  
3 orders of GME and AMC on Robinhood, but discovered that the stock had been sold without their  
4 permission on January 28, 2021. Another Retail Investor reported that a purchase of Naked Brand stock  
5 (NAKD) had been filled but subsequently sold without their consent. While Robinhood had warned  
6 investors that it may automatically sell off option contracts or assets purchased on margin, these investors  
7 denied that they had purchased stocks on margin and did not purchase option contracts. These Retail  
8 Investors had purchased cash positions in the Relevant Securities that were sold off without their consent.

9 154. Defendants were aware that they were colluding to manipulate the market. In an interview

10 

11  
12 **Important Information About Your**  
13 **Robinhood Account**

14 Hi [REDACTED]

15 In light of recent volatility, we are restricting transactions for certain  
16 securities to position closing only. However, due to the unreasonable  
17 risk involved in brokering your position, we have closed your 4,500  
18 shares of GME for an average price of \$118.93 on January 28th, 2021  
at 11:24 AM.

19 given by Defendant Interactive Brokers' chairman Thomas Peterffy, Mr. Peterffy admitted that Interactive  
20 Brokers had restricted trading in order to "protect ourselves."

21 155. The anticompetitive conspiracy was authorized, ordered or performed by the Defendants'  
22 respective officers, agents, employees, representatives, or shareholders while actively engaged in the  
23 management, direction, or control of the Defendants' businesses or affairs.

24 156. At least 18 brokerages together prohibited Retail Investors from opening new positions in  
25 GME, AMC and other Relevant Securities on January 28, 2021. Some restricted Retail Investors from  
26 opening new long positions in securities wholesale, whereas others restricted purchasing options only. No  
27 brokerages restricted selling of Relevant Securities by any investor, whether by a retail investor or large  
28 institutional investor.

1 157. Not all brokerages banned the purchase of the Relevant Securities. Even in the cases where  
2 brokerages were allowing Retail Investors to open new long positions, however, the Clearinghouse  
3 Defendants began to raise fees to purchase securities or otherwise instruct brokerages to not consummate  
4 purchase orders.

5 158. Brokerages route trades through clearinghouses which streamlines the trading process. Some  
6 brokerages, such as Defendant Robinhood, serve as their own clearinghouse. By increasing fees to purchase  
7 a particular stock, the clearinghouse can suppress the amount of purchases of that stock and affect the  
8 stock's price.

9 159. The Clearinghouse Defendants raised the fees for consummating purchases of the Relevant  
10 Securities to the non-conspiring brokerages, further facilitating the Fund Defendants covering of their short  
11 positions in furtherance of the conspiracy.

12 160. Nondefendant brokerage SoFi momentarily had trading in the Relevant Securities forcibly  
13 suspended by Clearinghouse Defendant Apex.



28 //

1 161. SoFi quickly objected to Defendant Apex's attempt to restrict trading in the Relevant  
2 Securities on SoFi's platform and trading was soon permitted on SoFi without restriction.

3 162. Anthony Denier, the CEO of Defendant Webull Financial LLC, a brokerage which had  
4 restricted trading in the Relevant Securities, placed the blame squarely on its clearinghouse, Defendant Apex  
5 Clearing, for the restrictions on trading the stocks. According to Denier, the collateral required by Apex for  
6 GameStop increased by 100% and Apex had informed him that Webull needed to shut off the ability to  
7 open new positions in certain stocks. Denier further said that the restrictions originated the morning of  
8 January 28, 2021 and was informed that Apex was instructed by the Defendant Depository Trust & Clearing  
9 Corporation that it was increasing the collateral needed to settle trades for the Relevant Securities.

10 163. Denier further said that the restrictions originated the morning of January 28, 2021 and was  
11 informed that Defendant Apex was instructed by the Defendant Depository Trust & Clearing Corporation  
12 that it was increasing the collateral needed to settle trades for stocks such as GameStop.

13 164. Other brokerages such as Defendants Ally Financial Inc., M1 Finance, Tastyworks, and  
14 Public.com also reported that Defendant Apex had halted all opening transactions of GameStop, AMC and  
15 Koss, which they blamed for trading restrictions of the Relevant Securities on their platforms.

16 165. Similarly, Defendant Freetrade blamed Clearinghouse Defendant Barclay's PLC for its  
17 restrictions of the Relevant Securities on its platform.

18 166. Defendant Trading212 uses Defendant Interactive Brokers as its intermediary and said  
19 Defendant Interactive Brokers was at fault for Defendant Freetrade's restrictions on the Relevant Securities.

20 167. Defendants' conspiratorial acts resulted in lockstep price movements of the Relevant  
21 Securities that can only be explained by coordinated lockstep actions by Defendants, in particular when  
22 considering Retail Investors were only permitted to sell positions in the Relevant Securities.

23 168. As demonstrated by the charts below, the stock prices of the Relevant Securities moved  
24 almost in parallel with each other throughout January 28, 2021. The charts revealed a coordinated rise in the  
25 prices of the Relevant Securities at approximately 11:00-11:30 a.m. after the Relevant Securities took a steep  
26 dive after the markets opened. At that time, few if any Retail Investors were permitted to purchase positions  
27 in the Relevant Securities and only institutional investors such as the Fund Defendants were permitted to  
28 purchase.



*The Anticompetitive Scheme is Ongoing*

169. Even in the face of increased scrutiny, Defendants continued their anticompetitive scheme to suppress the price of the Relevant Securities.

170. Partly as a result of criticism, the Brokerage Defendants nearly all permitted Retail Investors to open new long positions in the Relevant Securities as the market opened on January 29, 2021.

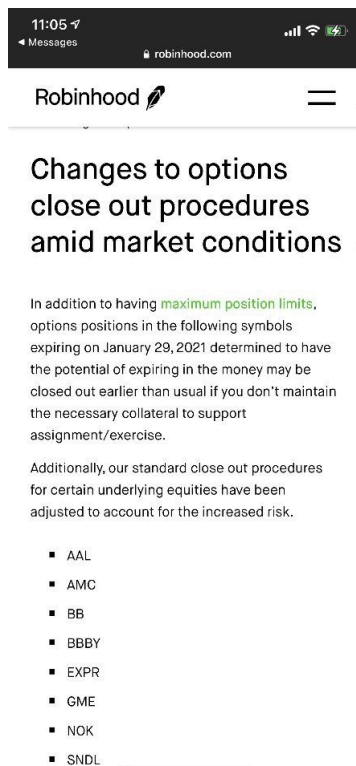
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171. Defendant Freetrade, a brokerage based in the United Kingdom, citing concerns from its foreign exchange provider, restricted trades in United States securities altogether on January 29, 2021, after restricting purchases on January 28, 2021.



172. While purchases were permitted, they were heavily restricted by the Brokerage Defendants. Nevertheless, Retail Investors, still believing in the value of these assets, continued to purchase stock in the Relevant Securities once they were permitted to.

173. Many of the Brokerage Defendants restricted trading of long option contracts and announced to Retail Investors they would close out their profitable option positions automatically.



1 174. The Relevant Securities began to regain the value lost the prior day as a result of Defendants'  
2 coordinated action to suppress the value of the stocks.

3 175. Because the Fund Defendants and other unnamed conspirators still had distressed short  
4 positions outstanding, this threatened their ill-gotten gains achieved the day before.

5 176. Defendant Robinhood limited users to purchasing a limited amount of stock. With respect  
6 to GameStop, for example, Defendant Robinhood first restricted Retail Investors to purchasing only five  
7 shares of GameStop, which resulted in a rapid decline in the value of GameStop. As GameStop's stock price  
8 recovered, Defendant Robinhood further limited purchases to two shares.

9 **Error**

10 This order will exceed the maximum allowed  
11 GME shares you can hold at this time. You  
12 currently have 5 shares purchased or pending -  
13 including this order - which exceeds the limit of  
14 2 shares.

Dismiss

15 177. When the value of GameStop again began to recover, Defendant Robinhood later instituted  
16 a one share limit to acquisitions of GameStop, further causing the value of GameStop to decrease.

17 178. Brokerage Defendants instituted similar restrictions as to other Relevant Securities.

18 **Error**

19 This order will exceed the maximum allowed  
20 AMC shares you can hold at this time. You  
21 currently have 17 shares purchased or  
22 pending - including this order - which  
23 exceeds the limit of 1 share.

24 Done

179. Each artificial limitation in the amount of securities a Retail Investor could purchase correlated with a subsequent decrease in stock value. As purchases of the Relevant Securities were limited, more investors were pressured to sell who otherwise would not have in the presence of a free and open market.



180. The extent and scope of the conspiracy is still as of yet unknown. Plaintiffs believe the anticompetitive scheme is ongoing. In the evening of January 29, 2021, Defendant Robinhood announced it was increasing the number of restricted stocks from 13 to 50. On January 30, 2021, Reuters reported that Defendant IG Group was continuing to suspend trading in the Relevant Securities.

## CLAIMS FOR RELIEF

### COUNT ONE

#### CONSPIRACY TO RESTRAIN TRADE IN VIOLATION OF SECTION 1 OF THE SHERMAN ACT, 15 U.S.C. § 1 (Against all Defendants)

181. Plaintiffs hereby incorporate by reference the factual allegations as set forth above.

182. On information and belief, the Defendants conspired and entered into an anticompetitive scheme to fix, raise, stabilize, maintain or suppress the price of the Relevant Securities.



1 183. Faced with potentially disastrous losses due to their illegal short position, the Fund  
2 Defendants, rather than engage in competition, conspired, combined, agreed and colluded with the  
3 Brokerage Defendants and Clearinghouse Defendants to restrict purchases in stocks by retailer investors and  
4 to manipulate and artificially suppress the price of stock, through which they could cover their short  
5 positions.

6 184. Defendants conspired and agreed with one another with the intent to artificially lower the  
7 price of the relevant stocks.

8 185. Defendants coordinated a collective shutdown of the stock brokerage market with respect  
9 to the Relevant Securities, prohibiting market participants with the exception of the Fund Defendants from  
10 purchasing stock in the Relevant Securities. Pursuant to the conspiracy, the restriction of stock purchases  
11 resulted in a sell-off of stocks, driving down prices in the Relevant Securities to levels that would not have  
12 been obtained, but for the conspiracy, combination, agreement and restraint of trade.

13 186. In furtherance of the conspiracy, combination, agreement and restraint of trade, on January  
14 27, 2021, after the close of the stock market and before the open of the market the next day, the Fund  
15 Defendants coordinated and planned increased short volumes in anticipation of short calls on January 28,  
16 2021.

17 187. In furtherance of the conspiracy, combination, agreement and restraint of trade, the  
18 Brokerage Defendants have prohibited, continue to prohibit, or unreasonably restrict the purchases of shares  
19 of the Relevant Securities by Plaintiffs in restraint of trade.

20 188. As a direct and intended result of Defendants contract, combination, agreement and restraint  
21 of trade or conspiracy, Defendants caused injury to Plaintiffs by restricting purchases of Relevant Securities.  
22 The Brokerage Defendants deactivated the buy option on their platforms and left Plaintiffs with no option  
23 but to sell shares of the stocks on their platforms. Plaintiffs and Class members, faced with an imminent  
24 decrease in the price of their positions in the Relevant Securities due to the inability of Retail Investors to  
25 purchase shares, were induced to sell their shares in the Relevant Securities at a lower price than they  
26 otherwise would have, but for the conspiracy, combination, agreement and restraint of trade. Additionally,  
27 Class members that would have purchased more stock in the Relevant Securities given the upward trend in  
28 price could not do so.



1 189. Pursuant to the contract, combination, agreement, conspiracy and restraint of trade, the  
2 Brokerage Defendants permitted the Fund Defendants to purchase stocks at the artificially deflated prices.  
3 The Fund Defendants, who were in exposed short positions due to the short squeeze, purchased the  
4 artificially price-suppressed stocks to cover their short positions.

5 190. Not all brokerages joined in the anticompetitive scheme with the Brokerage Defendants. To  
6 induce compliance and to limit the effects non-complying brokerages could have in disrupting Defendants'  
7 anticompetitive scheme, the Clearinghouse Defendants raised the fees and/or removed the ability to fill  
8 purchases of the Relevant Securities to the non-conspiring brokerages, further facilitating the Fund  
9 Defendants covering of their short positions in furtherance of the conspiracy.

10 191. Defendants' anticompetitive and unlawful conduct is per se illegal.

11 192. As a direct and proximate result of Defendants' unlawful conduct, Plaintiffs and Class  
12 members were injured in their business and property.

13 193. Plaintiffs and the Class further seek equitable and injunctive relief pursuant to Section 16 of  
14 the Clayton Act, 15 U.S.C. § 26, and other applicable law, to correct the anticompetitive effects caused by  
15 Defendants' unlawful conduct.

16 **COUNT TWO**

17 **CONSPIRACY TO RESTRAIN TRADE**  
18 **IN VIOLATION OF THE CALIFORNIA CARTWRIGHT ACT,**  
19 **CAL. BUS. & PROF. CODE § 16700 et seq.**  
20 **(Against all Defendants)**

21 194. Plaintiffs hereby incorporate by reference the factual allegations as set forth above.

22 195. On information and belief, the Defendants and their conspirators entered into an unlawful  
23 agreement and engaged in a continuing unlawful trust in restraint of trade and commerce as described herein  
24 in violation of California Business and Professions Code § 16720 to fix, stabilize, maintain or suppress the  
25 price of the Relevant Securities.

26 196. Faced with potentially disastrous losses due to their illegal short position, the Fund  
27 Defendants, rather than engage in competition, conspired, combined, agreed and colluded with the  
28 Brokerage Defendants and Clearinghouse Defendants to restrict purchases in stocks by retailer investors and  
to manipulate and artificially suppress the price of stock, through which they could cover their short

1 positions.

2 197. Defendants conspired and agreed with one another with the intent to artificially lower the  
3 price of the Relevant Securities. Defendants agreed to pool, combine or directly or indirectly unite their  
4 interests such that the price of the Relevant Securities would be fixed, stabilized, maintained, suppressed.

5 198. Defendants coordinated a collective shutdown of the stock brokerage market with respect  
6 to the Relevant Securities prohibiting market participants with the exception of the Fund Defendants from  
7 purchasing stock in the Relevant Securities. Pursuant to the conspiracy, the restriction of stock purchases  
8 resulted in a sell-off of stocks, driving down prices in the Relevant Securities to levels that would not have  
9 been obtained, but for the conspiracy, combination, agreement and restraint of trade.

10 199. In furtherance of the unlawful trust and restraint of trade, on January 27, 2021, after the close  
11 of the stock market and before the open of the market the next day, the Fund Defendants coordinated and  
12 planned increased short volumes in anticipation of short calls on January 28, 2021.

13 200. In furtherance of the unlawful trust and restraint of trade, the Brokerage Defendants have  
14 prohibited, restricted, and continue to prohibit and unreasonably restrict the purchases of shares of the  
15 Relevant Securities by Plaintiffs in restraint of trade.

16 201. As a direct and intended result of Defendants' unlawful trust and restraint of trade,  
17 Defendants caused injury to Plaintiffs by restricting purchases and sales of shares Relevant Securities. The  
18 Brokerage Defendants deactivated the buy option on their platforms and left Plaintiffs with no option but  
19 to sell shares of the stocks on their platforms. Plaintiffs and Class members, faced with an imminent decrease  
20 in the price of their positions in the Relevant Securities due to the inability of Retail Investors to purchase  
21 shares, were induced to sell their shares in the Relevant Securities at a lower price than they otherwise would  
22 have, but for the conspiracy, combination, agreement and restraint of trade. Additionally, Class members  
23 that would have purchased more stock in the Relevant Securities given the upward trend in price could not  
24 do so.

25 202. Pursuant to the unlawful trust and restraint of trade, the Brokerage Defendants permitted  
26 the Fund Defendants to purchase stocks at the artificially deflated prices. The Fund Defendants, who were  
27 in exposed short positions due to the short squeeze, purchased the artificially price-suppressed stocks to  
28 cover their short positions.





**COUNT FIVE**

**BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING  
(Against the Brokerage Defendants)**

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4 219. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding  
5 paragraph as though fully set forth herein.

6 220. Plaintiffs and members of the Class entered into agreements with the Brokerage Defendants.  
7 They agreed to Brokerage Defendants' Terms and Conditions by using the Brokerage Defendants' websites,  
8 apps and trading platforms.

9 221. Plaintiffs and members of the Class fulfilled and performed their obligations under these  
10 contracts by adhering to their terms and using Brokerage Defendants' trading services through its website  
11 and trading platform.

12 222. The Brokerage Defendants made the implied promise that they would not do anything to  
13 unfairly interfere with the rights of any other party to receive the benefits of the contract.

14 223. The Brokerage Defendants did not act in good faith or with honesty of purpose. To the  
15 contrary, they acted with the intention of misleading or taking unfair advantage of plaintiffs and the Class.  
16 The Brokerage Defendants was obligated to provide the trading services required under those contracts at  
17 all times, including but not limited to, trades for Relevant Securities.

18 224. When initially signing up to use the Brokerage Defendants' websites, apps and trading  
19 platforms, Plaintiffs and all those similarly situated could and actually did trade in the Relevant Securities.

20 225. The Brokerage Defendants unfairly interfered with the rights of Plaintiffs to receive the  
21 benefits of the agreements by, among other things: (i) failing to provide services necessary to carry out a  
22 trade; (ii) failing to provide certain trading services whatsoever; (iii) failing to inform individuals in a timely  
23 member of the drastic changes in trading abilities; and (iv) prohibiting plaintiffs from buying Relevant  
24 Securities for the Brokerage Defendants own interest and not disclosing those interest to Plaintiffs and all  
25 Class members.

26 226. The Brokerage Defendants' conduct has caused Plaintiffs and members of the Class harm,  
27 losses, and damages.  
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**COUNT SIX**

**NEGLIGENCE  
(Against the Brokerage Defendants)**

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4 227. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding  
5 paragraph as though fully set forth herein.

6 228. The Brokerage Defendants had a common law duty to exercise reasonable care in conducting  
7 and facilitating transactions for its customers.

8 229. The Brokerage Defendants had a common law duty to exercise reasonable care in providing  
9 trades on the free and open market for its customers.

10 230. The Brokerage Defendants unlawfully breached their duties by, among other things, (i)  
11 removing the Relevant Securities without notice from their websites, apps and trading platforms; (ii) failing  
12 to provide financial services related to Relevant Securities; and (iii) failing to notify Retail Investors in a timely  
13 manner of the prohibition in purchasing of the Relevant Securities.

14 231. The Brokerage Defendants' conduct departed from the ordinary standard of care expected  
15 of a stockbroker. If volatility was truly a concern, trading entirely should have been halted in the Relevant  
16 Securities. Instead, the Brokerage Defendants permitted Retail Investors to only sell their positions in the  
17 Relevant Securities. Further, non-Retail Investors were permitted to trade in the Relevant Securities without  
18 restriction.

19 232. The Brokerage Defendants breached their duty of care to the Retail Investors by selectively  
20 restricting purchases of Relevant Securities to the Retail Investors who wanted to purchase more stock in  
21 the Relevant Securities.

22 233. Brokerage Defendants negligent and wrongful breaches of its duties owed to Plaintiffs and  
23 Class members proximately caused losses and damages that would not have occurred but for the Brokerage  
24 Defendants' gross breach of their duty of care.

25 234. Plaintiffs and Class members suffered actual injury as a result of Brokerage Defendants'  
26 breach of their duty.

27 235. Plaintiffs and Class members' injury was proximately and directly caused by Brokerage  
28 Defendants breach of their duty.

**COUNT SEVEN**

**NEGLIGENCE PER SE  
(Against Brokerage Defendants)**

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4 236. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding  
5 paragraph as though fully set forth herein.

6 237. The Brokerage Defendants had a statutory duty to exercise reasonable care in conducting  
7 and facilitating transactions for its customers.

8 238. The Brokerage Defendants had a statutory duty to exercise reasonable care in providing  
9 trades on the free and open market for its customers.

10 239. The Brokerage Defendants unlawfully breached their duties by, among other things, (i)  
11 removing the Relevant Securities without notice from their websites, apps and trading platforms; (ii) failing  
12 to provide financial services related to Relevant Securities; and (iii) failing to notify Retail Investors in a timely  
13 manner of the prohibition in purchasing of the Relevant Securities.

14 240. The Brokerage Defendants' conduct departed from the ordinary standard of care expected  
15 of a stockbroker. If volatility was truly a concern, trading entirely should have been halted in the Relevant  
16 Securities. Instead, the Brokerage Defendants permitted Retail Investors to only sell their positions in the  
17 Relevant Securities. Further, non-Retail Investors were permitted to trade in the Relevant Securities without  
18 restriction.

19 241. The Brokerage Defendants breached its duty of care by selectively restricting purchases of  
20 Relevant Securities to the Retail Investors who wanted to purchase more stock in the Relevant Securities.

21 242. The Brokerage Defendants' negligent and wrongful breaches of the duties owed to Plaintiffs  
22 and Class members proximately caused losses and damages that would not have occurred but for the  
23 Brokerage Defendants' gross breach of their duty of care.

24 243. Plaintiffs and Class members suffered actual injury as a result of Brokerage Defendants'  
25 breach of their duty.

26 244. Plaintiffs and Class members' injury was proximately and directly caused by Brokerage  
27 Defendants' breach of their duties.  
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**COUNT EIGHT**

**BREACH OF FIDUCIARY DUTY  
(Against Brokerage Defendants)**

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4 245. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding  
5 paragraph as though fully set forth herein.

6 246. As licensed providers of financial services, the Brokerage Defendants at all relevant times  
7 herein were fiduciaries to the Plaintiffs and Class members and owed them the highest good faith and  
8 integrity in performing its financial services on their behalf. Each Brokerage Defendant also acted as a  
9 fiduciary to each and every customer who agreed to their respective terms and conditions.

10 247. The Brokerage Defendants breached their fiduciary duties to Plaintiff and Class members  
11 by, among other things, failing to disclose that its platform was going to remove Relevant Securities purchases  
12 in a timely manner; actually removing Relevant Securities; removing Relevant Securities for their own  
13 pecuniary benefits; misrepresenting and omitting material information; that the Brokerage Defendants failed  
14 to provide access to its financial services in a timely manner; that Brokerage Defendants failed to comply  
15 with all applicable legal, regulatory, and licensing requirements; and that Brokerage Defendants failed to  
16 exercise trades and actions requested by customers in a complete and timely manner.

17 248. The Brokerage Defendants' conduct has caused the Plaintiffs and Class members' harm,  
18 losses, and damages and continues to expose them to harm because the Brokerage Defendants continue to  
19 breach their fiduciary duties.

**COUNT NINE**

**CONSTRUCTIVE FRAUD  
(Against Brokerage Defendants)**

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23 249. Plaintiffs hereby repeat and incorporate by reference each preceding and succeeding  
24 paragraph as though fully set forth herein.

25 250. The Brokerage Defendants had a duty to exercise reasonable care in conducting and  
26 facilitating securities transactions for its customers.

27 251. The Brokerage Defendants owed the Plaintiffs and Class members a fiduciary duty to fully  
28 disclose material facts as relates to their brokerage relationship.



1 252. The Brokerage Defendants represented to Plaintiffs and Class members that they were  
2 brokerage services offering free and fair trading in the stock market.

3 253. Plaintiffs and Class members chose to use the Brokerage Defendants websites, apps and  
4 trading platforms in part due to assurances that they would be able to trade on the stock market.

5 254. The Brokerage Defendants subsequently and selective restricted and limited the securities  
6 that Plaintiffs and Class members were able to buy on their websites, apps and trading platforms, contrary  
7 to their representations.

8 255. Plaintiffs and Class members' reliance on the Brokerage Defendants' false representations  
9 were substantial factors in causing Plaintiffs' harm as they were prohibited from trading freely given the  
10 Brokerage Defendants' restrictions.

11 **PRAYER FOR JUDGMENT**

12 **WHEREFORE**, Plaintiffs request that the Court enter judgment on their behalf and on behalf of  
13 the Class defined herein, by adjudging and decreeing that:

14 256. This action may proceed as a class action, with Plaintiffs serving as Class Representatives,  
15 and with Plaintiffs' counsel as Class Counsel;

16 257. Defendants have contracted, combined, and conspired in violation of Section 1 of the  
17 Sherman Act, 15 U.S.C. § 1, and that Plaintiffs and the Class have been injured in their business and property  
18 as a result of Defendants' violations;

19 258. Plaintiffs and the Class are entitled to pre-judgment and post-judgment interest on the  
20 damages awarded them, and that such interest be awarded at the highest legal rate from and after the date  
21 this class action complaint is first served on Defendants;

22 259. Defendants are to be jointly and severally responsible financially for the costs and expenses  
23 of a Court-approved notice program through post and media designed to give immediate notification to the  
24 Class;

25 260. Plaintiffs and the Class recover their costs of this suit, including reasonable attorneys' fees as  
26 provided by law;

27 261. Plaintiffs and the Class are entitled to equitable relief appropriate to remedy Defendants' past  
28 and ongoing restraint of trade, including:

- 1 a. A judicial determination declaring the rights of Plaintiffs and the Class, and the
- 2 corresponding responsibilities of Defendants;
- 3 b. Issuance of a permanent injunction against Defendants and their parents,
- 4 subsidiaries, affiliates, successors, transferees, assignees and the respective officers, directors,
- 5 partners, agents, and employees thereof and all other persons acting or claiming to act on
- 6 their behalf from continuing and maintaining the conspiracy or agreements herein;
- 7 c. A constructive trust over any ill-gotten property or assets, including but not limited
- 8 to stocks in the Relevant Securities received as a result of the conspiracy or agreement or
- 9 other wrongful conduct as alleged herein;
- 10 262. Plaintiffs and the Class receive such other or further relief as may be just and proper.

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**JURY TRIAL DEMANDED**

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiffs demand a trial by jury of all the claims asserted in this Complaint so triable.

Dated: February 4, 2021

By:           /s/ Eric Lechtzin            
Eric Lechtzin

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