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15 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
16 **COUNTY OF SAN MATEO**

17 IN RE EVENTBRITE, INC. SECURITIES
LITIGATION

Lead Case No. 19CIV02798
(consolidated with No. 19CIV02911 &
No. 19CIV04924)

18 _____
19 This Document Relates To:
20 ALL ACTIONS

Class Action

**SECOND AMENDED CONSOLIDATED
CLASS ACTION COMPLAINT**

Assigned for all purposes to the Honorable
Marie S. Weiner in Department 2

Date action filed: May 24, 2019

24 **REDACTED SECOND AMENDED CONSOLIDATED CLASS ACTION COMPLAINT**

25 **Pursuant to the Stipulation and Protective Order Regarding Confidential Information**
26 **dated September 17, 2019.**

27
28
SECOND AMENDED CONSOLIDATED CLASS ACTION COMPLAINT

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1 Plaintiffs Crystal L. Clemons and Cristina Cotte (“Plaintiffs”), individually and on behalf
2 of all others similarly situated, by and through their undersigned attorneys, allege the following
3 upon personal knowledge as to those allegations concerning themselves, and upon information and
4 belief as to all other matters, based on the investigation conducted by counsel, which included,
5 among other things, a review and analysis of filings with the U.S. Securities and Exchange
6 Commission (“SEC”), press releases, and other public statements, securities analyst and media
7 reports, and other publicly-available information, as well as Plaintiffs’ review of documents
8 produced in this action by Defendants (defined below). Plaintiffs’ investigation into the matters
9 alleged herein is continuing and many relevant facts are known only to, or are exclusively within
10 the custody and control of, Defendants. Plaintiffs believe that substantial additional evidentiary
11 support will exist for the allegations set forth herein after a further opportunity for discovery.

12 **NATURE OF THE ACTION**

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

24 1. This action concerns an initial public offering premised on false statements, where
25 public investors were led to believe a state of affairs that completely contradicted what was actually
26 occurring internally at the company.

27 2. Eventbrite Inc.’s (“Eventbrite” or the “Company”) Registration Statement and
28 Prospectus (“Offering Documents”) misrepresented to shareholders that its business model was

1 fundamentally premised on its ability to “efficiently acquire creators” while “keeping our sales
2 and marketing costs low,” which allegedly gave it a significant “Cost Advantage.” Eventbrite told
3 investors that this “key element” of its business model would allow it to quickly migrate customers
4 from acquired companies — including Ticketfly LLC (“Ticketfly”), a company Eventbrite
5 acquired a year earlier in September 2017 — to the Eventbrite platform in a very cost-efficient
6 manner, thus leading to significant growth and favorable gross margins. [REDACTED]

7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 3. Instead of disclosing the adverse impacts that Ticketfly migration delays and
12 problems were [REDACTED], and that Defendants knew these
13 problems were likely to persist in the first two quarters after the IPO, the Offering Documents led
14 investors to believe that that the migration was complete, the acquisition had brought together like-
15 minded teams, [REDACTED] [REDACTED]

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED] The Offering documents did nothing to warn investors of the ongoing problems at the
21 Company [REDACTED]. When Eventbrite finally began revealing
22 the negative truth in quarterly reports released after the IPO, the stock naturally tumbled. When
23 the Company ultimately came clean (after the IPO), it attributed the poor results to the problems
24 migrating Ticketfly customers to the Eventbrite’s platform, which Defendants were aware of all
25 along.

26 4. This case seeks relief on behalf of all persons and entities who purchased or
27 acquired shares of Eventbrite pursuant or traceable to the Offering Documents issued in connection
28 with the Company’s initial public offering (“IPO”) on September 20, 2018. Plaintiffs bring this

1 action under §§ 11, 12(a)(2), and 15 of the Securities Act of 1933 (“Securities Act”) against: (1)
2 Eventbrite; (2) certain of the Company’s officers and directors; (3) the investment banks that acted
3 as underwriters for the IPO; and (4) Sequoia Capital, who was an early and significant investor in
4 Eventbrite with a director on Eventbrite’s Board of Directors (“Board”).

5 5. Eventbrite provides an online ticketing platform that enables event “creators” to
6 plan, promote, and produce live events. The Company derives substantially all of its revenue via
7 creators who organize and host paid events on Eventbrite’s platform. Specifically, in the
8 Prospectus, the Company explained that it “derive[s] substantially all of [its] revenue from fees
9 associated with the sale of tickets on [its] platform, inclusive of payment processing.”¹

10 6. In September 2017, Eventbrite acquired Ticketfly from Pandora Media, Inc., for
11 approximately \$200 million, to expand the Company’s solutions for music-related events.
12 Ticketfly was the largest acquisition Eventbrite had ever made and the success of the purchase was
13 critical to Eventbrite’s business.

14 7. After purchasing Ticketfly, Eventbrite devoted a substantial amount of resources to
15 migrating and integrating the Ticketfly platform into the Eventbrite platform because Eventbrite
16 wanted to vertically integrate the services, which was essential to Eventbrite’s growth.
17 Unbeknownst to shareholders, however, the migration and integration process was a quagmire due
18 to significant and material differences between the two companies’ platforms. As Eventbrite’s
19 internal documents demonstrate, [REDACTED]

20 [REDACTED]
21 In the process, [REDACTED]
22 Thus, at the time of the IPO, [REDACTED] a material
23 fact not disclosed to investors.

24 8. On September 20, 2018 — *a full year following its acquisition of Ticketfly*,
25 Eventbrite conducted its IPO. In the IPO, Eventbrite sold 11.5 million shares of Class A common
26 stock to the public at a price of \$23.00 per share, for total proceeds of over \$246 million, net of
27 underwriting discounts and commissions. The underwriters were paid commissions of

28 ¹ Prospectus at 65. Unless otherwise noted, all emphasis is added.

1 \$18,515,000 for their services performed in connection with the IPO.

2 9. Following the IPO, Eventbrite's stock price reached as high as \$37.96 on
3 September 28, 2018, and settled at around \$31 for much of the following six months. Since that
4 time, however, the Company's stock price has fallen sharply due to the Company's disappointing
5 financial results and the revelations that the integration of Ticketfly was taking longer than
6 expected and negatively impacting the Company's earnings.

7 10. Specifically, on March 7, 2019, Eventbrite announced disappointing financial
8 results for the fourth quarter of 2018. Despite increased revenues, the Company reported increased
9 losses for the year and reduced its guidance for the first quarter of 2019, forecasting revenues
10 between \$80 million and \$84 million, well below the analyst consensus target of \$91 million. The
11 Company attributed the weak outlook to the challenges in migrating Ticketfly customers to the
12 Eventbrite's platform. On this news, the Company's stock price fell \$7.96 per share, or nearly
13 25%, closing at \$24.46 per share on March 8, 2019.

14 11. Then on May 1, 2019, Eventbrite released its earnings results for the first quarter
15 of 2019. The Company reported a loss of \$10 million, or 13 cents per share, compared with the
16 net income of \$9 million a year before. Revenue totaled \$81.3 million, missing expectations that
17 forecasted a loss of 8 cents a share. The Company also issued revenue guidance of \$74 million to
18 \$78 million, well below analysts' expected revenue of \$82.4 million, for the second quarter of
19 2019. In addition, the Company announced that it would search for a new chief financial officer
20 ("CFO") to replace defendant Randy Befumo, who became chief strategy officer and continued in
21 his role as Eventbrite's interim CFO until his replacement was appointed. On the call with analysts
22 held the same day, Defendants once again attributed the weak outlook to problems stemming from
23 the Ticketfly acquisition, with defendant Julia Hartz [REDACTED]
24 [REDACTED] that the Ticketfly acquisition "resulted in
25 a complex and consuming integration process" and that, as a result, "internally resources dedicated
26 to Ticketfly has been primarily focused on integrating existing revenues as opposed to delivering
27 net new growth." Following these revelations, Eventbrite's stock price tumbled more than 27%
28 to close at \$17.60 on May 2, 2019.

1 12. By this action, Plaintiffs, individually on behalf of themselves and on behalf of the
2 other members of the Class (defined below) that also acquired shares of Eventbrite pursuant or
3 traceable to the Offering Documents, seek to obtain a recovery for the damages suffered as a result
4 of Defendants' violations of the Securities Act, as alleged herein.

5 13. The Offering Documents violated § 11 and § 12(a)(2) of the Securities Act because,
6 among other things: (a) they contained materially false and misleading statements; (b) omitted
7 material information about the Company's business, operations, and prospects that were required
8 to be disclosed under Items 105 and 303 of SEC Regulation S-K; and (c) omitted material
9 information disclosure of which was necessary to make other statements not misleading. Plaintiffs
10 expressly disclaim any allegation that could be construed as alleging fraud or intentional conduct.

11 14. For example, the Offering Documents touted the purported "modularity and
12 extensibility" of Eventbrite's platform, stating that it enabled the Company "to *quickly* integrate
13 and migrate creators to the Eventbrite platform," thus allowing the Company "to quickly deprecate
14 the acquired technology and associated costs."² This was false and misleading because the
15 Ticketfly integration and migration — *which was ongoing for a full year by the time of the IPO*,
16 already demonstrated that Eventbrite's platform was *wholly unprepared to "quickly" and*
17 *efficiently integrate a newly-acquired company such as Ticketfly and migrate all of its creators.*

18 Indeed, [REDACTED]
19 [REDACTED] During the same
20 time, [REDACTED] Thus, due to the inherent flaws
21 and limitations of the Eventbrite's platform (as discussed below), [REDACTED]

22 [REDACTED]
23 [REDACTED]
24 [REDACTED] Because revenues from paid events organized by creators are the
25 *exclusive* avenue of revenue for the Company, this information would have been highly material
26 to investors and made an investment in the Company significantly more risky.

27 15. The Offering Documents also failed to disclose that the Ticketfly migration

28 _____
² Prospectus at 118.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED] In addition, internal documents reveal that [REDACTED]
5 [REDACTED]
6 [REDACTED]

7 16. E-mails produced by the Company confirm that, *prior to and at the time of the*
8 *IPO*, [REDACTED]

- 9 [REDACTED]
- 10 [REDACTED]
- 11 [REDACTED]
- 12 [REDACTED]
- 13 [REDACTED]
- 14 [REDACTED]
- 15 [REDACTED]
- 16 [REDACTED]
- 17 [REDACTED]
- 18 [REDACTED]
- 19 [REDACTED]
- 20 [REDACTED]
- 21 [REDACTED]
- 22 [REDACTED]

23 17. As such, the internal e-mails and documents paint a starkly different picture of the
24 Ticketfly acquisition and the Company's well-being than was apparent from the rosy outlook set
25 forth in the Offering Documents. [REDACTED]

26 [REDACTED]
27 In contrast, in the Offering Documents, Defendants described the Ticketfly acquisition as
28 "successful" and "accelerat[ing] our momentum" and portrayed the Eventbrite's platform as being

1 strong, powerful, and versatile, such that it enabled the Company to “*quickly* integrate and migrate
2 creators,” allowing the Company “to *quickly* deprecate the acquired technology and associated
3 costs.”

4 18. [REDACTED]

5 [REDACTED]
6 [REDACTED] For example, in July 2018, just months before the IPO, [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED] These and numerous other internal documents
10 demonstrate that [REDACTED]
11 [REDACTED] and thus that the Company’s margins and earnings per share
12 would be adversely impacted in Q4 2018 and that revenues would be impacted in subsequent
13 quarters. Yet, Defendants failed to report those known facts in the Offering Documents.

14 19. In addition, the delayed Ticketfly migration also meant that [REDACTED]

15 [REDACTED]
16 [REDACTED]
17 [REDACTED] [REDACTED]
18 [REDACTED] Eventbrite was aware of these issues, yet failed to disclose the reality of the situation.

19 20. In sum, the statements in the Offering Documents gave a reasonable investor the
20 impression of a state of affairs that differed materially from the one that actually existed.
21 Defendants are strictly liable for such omissions and misstatements.

22 **JURISDICTION AND VENUE**

23 21. This Court has subject matter jurisdiction over this action pursuant to Article VI of
24 the California Constitution and Sections 10 and 22 of the Securities Act, 15 U.S.C. § 77v.

25 22. Removal is barred under Section 22 of the Securities Act, 15 U.S.C. § 77v.

26 23. This Court has personal jurisdiction over each defendant named herein because
27 each defendant resided in, was a citizen of, and/or conducted business in California at the time of
28 the conduct that is alleged in this complaint, and each defendant has sufficient minimum contacts

1 with California to render the exercise of jurisdiction by the California courts permissible under the
2 traditional notions of fair play and substantial justice.

3 24. Venue is proper in this Court because many of the Defendants reside in this County,
4 including defendants Botha, Norrington, and Tomlinson, and defendant Sequoia Capital's
5 principal place of business is located in this County.

6 THE PARTIES

7 I. Plaintiffs

8 25. Plaintiff Crystal L. Clemons purchased shares of Eventbrite's Class A common
9 stock that were issued in the IPO and pursuant and traceable to the Offering Documents and was
10 damaged thereby.

11 26. Plaintiff Cristina Cotte purchased shares of Eventbrite's Class A common stock
12 that were issued in the IPO and pursuant and traceable to the Offering Documents and was
13 damaged thereby.

14 II. Eventbrite and the Individual Defendants

15 27. Defendant Eventbrite, Inc. is a Delaware corporation with its principal place of
16 business located at 155 5th Street, 7th Floor, San Francisco, California 94103. Eventbrite's Class
17 A common stock trades on the New York Stock Exchange under the symbol "EB."

18 28. Defendant Julia Hartz ("J. Hartz") is Eventbrite's co-founder, Chief Executive
19 Officer ("CEO"), and a director and has held these positions at all relevant times. J. Hartz signed
20 Eventbrite's Registration Statement and authorized or approved the Offering Documents that
21 Eventbrite filed with the SEC in connection with the IPO. J. Hartz was involved in drafting,
22 reviewing, and/or approving the Offering Documents and thereby solicited Plaintiffs and other
23 Class members to purchase Eventbrite shares motivated at least in part by her own financial interest
24 and/or the financial interest of the Company. As of the IPO, J. Hartz beneficially owned over 11.6
25 million shares of the Company's Class B stock, which was convertible at any time into shares of
26 Class A common stock on a share-for-share basis.

27 29. Defendant Kevin Hartz ("K. Hartz") is Eventbrite's co-founder and Chairman of
28 the Board and has held these positions at all relevant times. K. Hartz signed Eventbrite's

1 Registration Statement and authorized or approved the Offering Documents that Eventbrite filed
2 with the SEC in connection with the IPO. K. Hartz was involved in drafting, reviewing, and/or
3 approving the Offering Documents and thereby solicited Plaintiffs and other Class members to
4 purchase Eventbrite shares motivated at least in part by his own financial interest and/or the
5 financial interest of the Company. As of the IPO, K. Hartz beneficially owned over 11.6 million
6 shares of the Company's Class B stock, which was convertible at any time into shares of Class A
7 common stock on a share-for-share basis.

8 30. Defendant Randy Befumo is Eventbrite's interim CFO and chief strategy officer
9 and was Eventbrite's CFO at all relevant times. Befumo signed or authorized the signing of
10 Eventbrite's Registration Statement and authorized or approved the Offering Documents that
11 Eventbrite filed with the SEC in connection with the IPO. Befumo was involved in drafting,
12 reviewing, and/or approving the Offering Documents and thereby solicited Plaintiffs and other
13 Class members to purchase Eventbrite shares motivated at least in part by his own financial interest
14 and/or the financial interest of the Company. Befumo beneficially owned over 48,000 shares of
15 Series G preferred stock, which automatically converted into common stock immediately prior to
16 the closing of the IPO, on an approximate 1:1.0685 basis. He also beneficially owned over 679,000
17 shares of Class B common stock (convertible to Class A common stock) pursuant to stock options
18 issued in 2014-2017 with exercise prices between \$5.04 and \$7.69 per share. As of the IPO, those
19 stock options immediately became "in the money" with an intrinsic value of over \$11.3 million.

20 31. Defendant Samantha Harnett was, at all relevant times, Senior Vice President and
21 General Counsel of Eventbrite. Harnett participated in the preparation of the Registration
22 Statement and Prospectus and was designated as the Attorney-in-Fact for Eventbrite's officers and
23 directors in the Registration Statement. Harnett was involved in drafting, reviewing, and/or
24 approving the Offering Documents and thereby solicited Plaintiffs and other Class members to
25 purchase Eventbrite shares motivated at least in part by her own financial interest and/or the
26 financial interest of the Company. Harnett beneficially owned approximately 228,000 shares of
27 Class B common stock (convertible to Class A common stock) pursuant to stock options issued in
28 2016-2017 with exercise prices between \$6.79 and \$7.24 per share. As of the IPO, those stock

1 options immediately became “in the money” with an intrinsic value of over \$3.6 million.

2 32. Defendant Roelof Botha is a director of Eventbrite and member of the audit
3 committee and has been at all relevant times. Defendant Botha is also a managing member of
4 Sequoia Capital. Botha signed Eventbrite’s Registration Statement and authorized or approved
5 the Offering Documents that Eventbrite filed with the SEC in connection with the IPO. Botha is
6 a resident of San Mateo County, California.

7 33. Defendant Andrew Dreskin was, at all relevant times, a director of Eventbrite.
8 Dreskin was Ticketfly’s co-founder and CEO from January 2008 to September 2017, when it was
9 acquired by Eventbrite. Dreskin signed Eventbrite’s Registration Statement and authorized or
10 approved the Offering Documents that Eventbrite filed with the SEC in connection with the IPO.

11 34. Defendant Katherine August-deWilde is a director of Eventbrite and has been at all
12 relevant times. August-deWilde signed Eventbrite’s Registration Statement and authorized or
13 approved the Offering Documents that Eventbrite filed with the SEC in connection with the IPO.

14 35. Defendant Sean Moriarty is a director of Eventbrite and has been at all relevant
15 times. Moriarty signed Eventbrite’s Registration Statement and authorized or approved the
16 Offering Documents that Eventbrite filed with the SEC in connection with the IPO.

17 36. Defendant Lorrie M. Norrington was a director of Eventbrite and member of the
18 audit committee at all relevant times. Norrington signed Eventbrite’s Registration Statement and
19 authorized or approved the Offering Documents that Eventbrite filed with the SEC in connection
20 with the IPO. Norrington is a resident of San Mateo County, California.

21 37. Defendant Helen Riley is a director of Eventbrite and has been at all relevant times.
22 Riley signed Eventbrite’s Registration Statement and authorized or approved the Offering
23 Documents that Eventbrite filed with the SEC in connection with the IPO.

24 38. Defendant Steffan C. Tomlinson is a director of Eventbrite and member of the audit
25 committee at all relevant times. Tomlinson signed Eventbrite’s Registration Statement and
26 authorized or approved the Offering Documents that Eventbrite filed with the SEC in connection
27 with the IPO. Tomlinson is a resident of San Mateo County, California.

28 39. Defendants named in Paragraphs 28 through 38 above are collectively referred to

1 as the “Individual Defendants.”

2 **III. Sequoia Capital**

3 40. Defendants Sequoia Capital U.S. Venture 2010 Fund, L.P. (“SC USV 2010”);
4 Sequoia Capital U.S. Venture 2010 Partners Fund, L.P. (“SC USV 2010 PF”); Sequoia Capital
5 U.S. Venture 2010 Partners Fund (Q), L.P. (“SC USV 2010 PFQ”); and SC US (TTGP), Ltd.
6 (collectively, “Sequoia Capital”) are venture capital funds located in San Mateo County, at 2800
7 Sand Hill Road, Suite 101, Menlo Park, California 94025.

8 41. Sequoia Capital was an early investor in Eventbrite and controls Eventbrite due to
9 its large equity stake in the Company and its influence on Eventbrite’s Board, including through
10 Sequoia Capital’s partner defendant Botha, a director of Eventbrite. Sequoia Capital has special
11 rights as a shareholder of Eventbrite pursuant to the terms of an investor rights agreement to which
12 it is a party. Defendant SC US (TTGP), Ltd. is the general partner of the general partner to SC
13 USV 2010, SC USV 2010 PF and SC USV 2010 PFQ, and as such exercises voting and investment
14 discretion over those funds. Prior to Eventbrite’s IPO, Sequoia Capital owned 13,410,612 Class
15 B shares of Eventbrite stock, representing 20.5% ownership and voting control. After the IPO,
16 Sequoia Capital continued to have significant control over Eventbrite, and owns 13,452,418 Class
17 B shares, representing 17.7% ownership of all shares and 20.0% voting control. Due to its share
18 ownership and voting control, as well as having a director on the Company’s Board, Sequoia
19 Capital had the ability to exercise control over the Company at the time of the IPO, including
20 control over the contents of the Offering Documents.

21 42. Sequoia exercised control over Eventbrite and the contents of the Offering
22 Documents through, among others, Defendant Botha who served as both a managing member of
23 Sequoia and a director of Eventbrite. At the time of the IPO, Botha served as a board member of
24 the audit committee, a member of the merger and acquisition committee, and a member of the
25 compensation committee. As a member of the audit committee, Botha had significant oversight
26 and control over the Company’s financial and reporting requirements. Botha had control over the
27 Company’s accounting practices, including the ability to appoint accounting firms, approve audit
28 services, develop procedures for employees to submit concerns anonymously about questionable

1 accounting or audit matter, and shape the Company's policies on risk assessment and risk
2 management. Further, as a member of the merger and acquisition committee, Botha was [REDACTED]

3 [REDACTED]
4 [REDACTED]
5 **IV. The Underwriter Defendants**

6 43. Defendant J.P. Morgan Securities LLC ("J.P. Morgan") was an underwriter for
7 Eventbrite's IPO. J.P. Morgan was a financial advisor and solicited investment in Eventbrite in
8 connection with the IPO and assisted in the preparation and dissemination of the Offering
9 Documents. Defendant J.P. Morgan conducts business in California.

10 44. Defendant Goldman Sachs & Co. LLC ("Goldman Sachs") was an underwriter for
11 Eventbrite's IPO. Goldman Sachs was a financial advisor and solicited investment in Eventbrite
12 in connection with the IPO and assisted in the preparation and dissemination of the Offering
13 Documents. Defendant Goldman Sachs conducts business in California and maintains an office
14 in San Mateo County that is located at 2765 Sand Hill Road, Menlo Park, California 94025.

15 45. Defendant Allen & Company LLC ("Allen & Co.") was an underwriter for
16 Eventbrite's IPO. Allen & Co. was a financial advisor and solicited investment in Eventbrite in
17 connection with the IPO and assisted in the preparation and dissemination of the Offering
18 Documents. Defendant Allen & Co. conducts business in the state of California.

19 46. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus") was an
20 underwriter for Eventbrite's IPO. Stifel Nicolaus was a financial advisor and solicited investment
21 in Eventbrite in connection with the IPO and assisted in the preparation and dissemination of the
22 Offering Documents. Defendant Stifel Nicolaus conducts business in the state of California.

23 47. Defendant RBC Capital Markets, LLC ("RBC") was an underwriter for
24 Eventbrite's IPO. RBC was a financial advisor and solicited investment in Eventbrite in
25 connection with the IPO and assisted in the preparation and dissemination of the Offering
26 Documents. Defendant RBC conducts business in the state of California.

27 48. Defendant SunTrust Robinson Humphrey, Inc. ("SunTrust") was an underwriter
28 for Eventbrite's IPO. SunTrust was a financial advisor and solicited investment in Eventbrite in

1 connection with the IPO and assisted in the preparation and dissemination of the Offering
2 Documents. Defendant SunTrust conducts business in the state of California.

3 49. Defendants named in Paragraphs 43 through 48 above are collectively referred to
4 as the “Underwriter Defendants.”

5 50. The Underwriter Defendants each participated in the IPO, including through their
6 extensive involvement in conducting and participating in roadshows and by soliciting investment
7 in Eventbrite from the public. [REDACTED]

8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]

16 51. The Underwriter Defendants each assisted in preparing and disseminating the
17 Offering Documents.

18 52. The Underwriter Defendants each agreed to purchase shares of Eventbrite Class A
19 common stock as set forth in the following table:

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	3,400,000
J.P. Morgan Securities LLC	2,900,000
Allen & Company LLC	1,850,000
RBC Capital Markets, LLC	1,000,000
SunTrust Robinson Humphrey, Inc.	600,000
Stifel, Nicolaus & Company, Incorporated	250,000
Total	10,000,000

26 53. In addition, the Underwriter Defendants had an over-allotment, or “greenshoe”
27 option, to purchase an additional 1,500,000 shares. Upon information and belief, the Underwriter
28 Defendants exercised that option, bringing the total number of shares that were sold to the public

1 in the IPO to 11,500,000.

2 54. The Underwriter Defendants are liable under the Securities Act for the misleading
3 statements and omissions in Eventbrite's Offering Documents. Each of the Underwriter
4 Defendants failed to conduct adequate due diligence, which was a substantial factor leading to the
5 harm alleged herein.

6 55. The Underwriter Defendants are primarily investment banking firms that specialize
7 in underwriting public offerings of securities. Each of the Underwriter Defendants was paid for
8 their services performed in connection with the IPO and received lucrative fees as a result of their
9 participation in the conduct alleged herein.

10 56. The Underwriter Defendants met with potential investors and presented highly
11 favorable information about the Company and its business, including regarding Eventbrite's
12 products, financial condition, and integration of Ticketfly, which was materially misleading and/or
13 omitted material information that was required to be disclosed under applicable federal laws and
14 regulations.

15 57. J.P. Morgan, Goldman Sachs, and Allen & Company were the representatives of
16 the Underwriter Defendants and assisted Eventbrite and the Individual Defendants in planning the
17 IPO. In connection with their "due diligence" investigation, the Underwriter Defendants and their
18 representatives, agents, and counsel were granted access to confidential information concerning
19 Eventbrite's business, financial condition, products, plans, and prospects.

20 58. In addition, the Underwriter Defendants and their representatives, agents, and
21 counsel had access to and worked together with Eventbrite's lawyers, directors, and/or executives,
22 including the Individual Defendants, to determine, among other things: (i) the strategy to best
23 accomplish the IPO; (ii) the terms of the IPO, including the price at which the Company's common
24 stock would be sold; (iii) the information about the Company that would be disclosed publicly in
25 connection with the IPO; (iv) the language used in the Registration Statement; and (v) the
26 Company's response to the SEC regarding its review of the Registration Statement. As a result of
27 the continued contacts and communications by, between, and among the Underwriter Defendants,
28 their representatives, agents, and counsel, and Eventbrite's lawyers, directors, and/or executives,

1 at a minimum, the Underwriter Defendants should have known of the Company's undisclosed
2 then-existing problems and plans relating to the integration of Ticketfly and other risks that had
3 already materialized and rendered the statements and omissions in the Registration Statement
4 materially misleading, as detailed herein.

5 59. The Underwriter Defendants caused and allowed the Registration Statement to be
6 filed with the SEC and declared effective in connection with the sale of shares of Eventbrite Class
7 A common stock pursuant and/or traceable to the IPO and the Offering Documents, including to
8 Plaintiffs and the Class.

9 **V. Doe Defendants**

10 60. Various other individuals and entities participated in the violations of law alleged
11 herein and performed acts and made statements in furtherance thereof. The true names and
12 capacities of these individuals and entities, Does 1 through 20, inclusive, whether corporate,
13 associate, or otherwise, are unknown to Plaintiffs at this time. Plaintiffs, therefore, sue these
14 defendants, Does 1 through 20, by such fictitious names. Plaintiffs further allege that each of these
15 defendants, Does 1–20, is responsible for the acts and occurrences set forth herein. Plaintiffs are
16 informed and believe that discovery will reveal additional information concerning the identities of
17 these defendants, Does 1–20, and each of their acts and statements made in furtherance of the
18 violations of law alleged herein. Plaintiffs will seek to amend the complaint to show their true
19 names and capacities, and the manner in which each of these defendants, Does 1–20, is responsible
20 for the damages sustained by Plaintiffs and the Class, when such information is ascertained.

21 **SUBSTANTIVE ALLEGATIONS**

22 **I. Background of the Company and Its Business**

23 61. Eventbrite is an online marketplace for hosting, discovering, and joining live
24 experiences and events. In the IPO Prospectus, the Company described its business as follows:

25 We built a powerful, broad technology platform to enable creators to solve the
26 challenges associated with creating live experiences. Our platform integrates
27 components needed to seamlessly plan, promote and produce live events, thereby
28 allowing creators to reduce friction and costs, increase reach and drive ticket sales.
By reducing risk and complexity, we allow creators to focus their energy on
producing compelling and successful events.

1 ***We charge creators on a per-ticket basis when an attendee purchases a paid ticket***
2 ***for an event.*** We grow with creators as their attendance grows and as they plan,
3 promote and produce more events. In 2017, we helped more than 700,000 creators
4 issue approximately 203 million tickets across three million events in over 170
5 countries.

6 ***We derive substantially all of our revenue from fees associated with the sale of***
7 ***tickets on our platform, inclusive of payment processing. Our fee structure***
8 ***typically consists of a fixed fee and a percentage of the price of each ticket sold***
9 ***by a creator.*** Fees associated with the sale of tickets on our platform are gross
10 ticket fees, which we define as the total fees generated from paid ticket sales, before
11 adjustments for refunds, credits and amortization of non-recoupable signing fees.³

12 62. As shown above, Eventbrite told investors that it “***derive[s] substantially all of [its]***
13 ***revenue from fees associated with the sale of tickets on [its] platform.***” Thus, Eventbrite only
14 realizes revenue with respect to hosted events where tickets are actually sold.

15 63. The Prospectus further told investors that Eventbrite gets paid from the “creators”
16 who organize and host events on Eventbrite’s platform:

17 We succeed when creators succeed. Our business model is simple: ***we charge***
18 ***creators on a per-ticket basis*** when an attendee purchases a paid ticket for an
19 event.”⁴

20 Thus, Eventbrite gets paid from the *creators* (its clients) — not the *attendees* — of the events.

21 64. As a result, Eventbrite’s ability to keep its paying customers, or “creators,” happy
22 was critical to its ability to grow revenues.

23 65. Further, not all “creators” are created equally. Despite having a large number of
24 creators, the vast majority of Eventbrite’s creators host small events, many of which are free and,
25 as such, do not result in the Company making any revenue (again, because Eventbrite only derives
26 revenue when a ticket is sold). Eventbrite’s existing creators also fail to increase revenue over
27 time. For example, in 2017, the revenue from existing creators declined by 3% year over year.
28 The creators who do generate revenue for Eventbrite are acquired through sales and recruitment
29 efforts, which are costs for Eventbrite.

30 66. When new creators join the Eventbrite platform on their own, without incentives or
31 sales initiatives, Eventbrite refers to that as “organic growth.” An example of organic growth

32 ³ Prospectus at 65.

33 ⁴ Prospectus at 1.

1 would include a user who had been invited to a friend’s birthday party through Eventbrite and then
2 joined Eventbrite to RSVP to the party. Like the majority of Eventbrite’s creators, “organic
3 growth” creators do not generate meaningful revenue for Eventbrite because many of them host
4 free events such as birthday parties, social gatherings, *etc.*

5 67. The Prospectus told investors that Eventbrite was having great success increasing
6 revenue by significantly expanding revenue from the lucrative type of creators that actually host
7 events where tickets are sold, as opposed to non-paying social events.

8 68. In advance of the IPO, to give the impression that Eventbrite’s revenues were
9 growing, Eventbrite spent \$239 million acquiring other companies. In total, Eventbrite acquired
10 nine businesses since 2013. Eventbrite’s growth strategy, which relies on acquiring other
11 companies, has been described by [REDACTED] as [REDACTED]

12 [REDACTED]
13 [REDACTED] There were also significant technological and software issues associated with acquiring
14 other companies given that those companies used different platforms, software, and technology.

15 69. The Prospectus, however, attempted to dispel any doubts about Eventbrite’s ability
16 to integrate acquired companies and keep paying creators happy by representing that Eventbrite’s
17 platform had sophisticated modularity and extensibility to accommodate creators and also third
18 party developers and to be able to scale quickly:

19 *Our platform meets the complex needs of creators through a modular and*
20 *extensible design.* It can be accessed from Eventbrite.com, our mobile apps and
21 through other websites. *This modularity facilitates rapid product development*
22 *and allows third-party developers to integrate features and functionality from*
23 *Eventbrite into their environments.* Our platform also allows developers to
24 seamlessly integrate services from third-party partners such as Salesforce,
25 Facebook and Hubspot. Importantly, we have designed our platform to produce
26 consistent and reliable performance, handling both surges in traffic and transaction
27 volume associated with high-demand on-sales and the load associated with
28 supporting millions of events each year. *This approach gives creators a platform*
that can scale to their needs, offering everything from basic registration and
ticketing to a fully-featured event management platform.

This platform approach has allowed us to pioneer a powerful business model that
drives our go-to-market strategy and allows us to efficiently serve a large number
and variety of creators. We believe our business model will enable us to achieve

1 *and grow profitability as we increase our scale.*⁵

2 70. In reality, as demonstrated below, at the time of the IPO, [REDACTED]

3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED] Given that Eventbrite derives substantially all its revenues from “charg[ing] creators on
8 a per-ticket basis,” these material, undisclosed problems would have been viewed as material by
9 investors and made investment in the Company substantially more risky.

10 **II. Acquisition of Ticketfly**

11 71. In September 2017, Eventbrite acquired Ticketfly, intending to expand the
12 Company’s offerings concerning music-related events. According to the IPO Prospectus,
13 Ticketfly “is a progressive ticketing company that makes it easy to discover events, buy tickets,
14 and share events with friends,” which “works with various venues and promoters throughout the
15 United States and Canada.” The IPO Prospectus stated that the fair value of the consideration
16 transferred to purchase Ticketfly was *\$201.1 million*.

17 72. Acquiring Ticketfly was consistent with Eventbrite’s growth strategy. Immediately
18 following the IPO, [REDACTED]

19 [REDACTED]
20 73. According to the Offering Documents, Eventbrite’s acquisition of Ticketfly for
21 \$200 million was the Company’s largest acquisition by far. Prior acquisitions included: (a)
22 ticketscript for \$33.4 million; (b) Ticketea S.L., a leading Spanish ticket provider, for \$11.2
23 million; and (c) Ticatic E-Ticket, Inc., a Vancouver-based ticketing and event registration
24 platform, for CAD \$1.8 million in cash and other consideration.

25 74. However, the Ticketfly acquisition was not a positive event for the Company. As
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⁵ Prospectus at 1.

1 was later revealed, “[p]roblems with the Ticketfly acquisition cropped up almost immediately.”⁶

2 **A. Operational Differences and Starkly Different Platforms**

3 75. One problem involved the stark operational differences between Eventbrite and
4 Ticketfly. Traditionally, Eventbrite has devoted very few resources to marketing and sales,
5 whereas Ticketfly was built with a traditional sales team that focused on closing deals for large,
6 high-profile concerts. Ticketfly’s website featured an array of must-have options for concert
7 organizers — advanced analytics, general assignment and reserved seating options, and tools to
8 manage event entry. [REDACTED]

9 [REDACTED]
10 76. According to former employees, combining the different companies onto one
11 platform proved very difficult. [REDACTED]

12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 77. [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]

25 78. [REDACTED]
26 [REDACTED]

27 ⁶ Matt Drange, *Inside ‘Briteland’: Stalled Growth and Slumping Morale at Eventbrite*, THE
28 INFORMATION (Aug. 5, 2019), available at <https://www.theinformation.com/articles/inside-briteland-stalled-growth-and-slumping-morale-at-eventbrite>.

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[REDACTED]

79. [REDACTED]

[REDACTED]

80. [REDACTED]

[REDACTED]

81. [REDACTED]

[REDACTED]

82. [REDACTED]

[REDACTED]

83. Simply put, contrary to the statements in Eventbrite’s Prospectus, the “modularity and extensibility” of Eventbrite’s platform *did not* enable it “to quickly migrate creators.”

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[REDACTED]

[REDACTED]

87. The shortcomings of Eventbrite's platform caused problems [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

88. [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

89. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

90. [REDACTED]

[REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 However, [REDACTED]

5 [REDACTED] the Prospectus fails to disclose this trend.

6 91. Indeed, internally, Eventbrite emphasized that the integration of Ticketfly was
7 critical for the Company's success. [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 92. [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 93. [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 94. [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 **C. Diversion of Resources**

28 95. Eventbrite's efforts to focus resources on completing the Ticketfly integration drew

1 the Company's resources away from other parts of the Company, which caused those parts to lose
2 money and, importantly, creators and, as a result, caused Eventbrite's business to suffer as a whole.

3 As later reported by *The Information* on August 5, 2019:

4 ***Resources for international expansion have been redirected to complete the***
5 ***integration of Ticketfly ...*** . Insiders say many of the company's current struggles
6 can be traced back to the acquisition, which shifted the company's focus from the
core business that made Eventbrite a success...

7 ***[R]ather than investing in a sales team, over the past two years Mr. Befumo***
8 ***slashed the marketing budget in half,*** people with direct knowledge said.
9 ***Resources have since been redirected to engineering and product headcount,***
much of which has been tied up resolving the messy Ticketfly integration.⁷

10 96. The first major issue was that the Ticketfly team and the Eventbrite team were not
11 like-minded. Eventbrite spent little on sales and client relationships, whereas Ticketfly invested a
12 good deal of resources in sales team relationships, which actively sought customers and spent time
13 catering to clients. Eventbrite thus did not prioritize sales teams and was more concerned with
14 staffing developers. Meanwhile, Ticketfly was built on client relationships, where sales personnel
15 worked directly with their clients, whether those were venues or large promoters.

16 97. When the Ticketfly teams were combined with Eventbrite, and when Eventbrite
17 management became the new supervisors, the different priorities became apparent. [REDACTED]

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

24 98. Meanwhile, Ticketfly employees were unused and unhappy. [REDACTED]
25 [REDACTED]
26 [REDACTED]
27 [REDACTED]

28 ⁷ *Id.*

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[REDACTED]

99. In an attempt to solve the problem, Eventbrite moved staff and developers from other profitable aspects of the business to the migration effort. That did not solve the morale problem. [REDACTED]

[REDACTED]

100. The diversion of resources also failed to solve the problems related to the migration. [REDACTED]

D. Ticketfly Security Breach

101. Just a few months before the IPO, on May 30, 2018, Ticketfly’s website was hacked and defaced by an unknown person or persons calling themselves “isHaKdz.” The hackers stole the personal information of 27 million registered Ticketfly users (*i.e.*, customers).

102. On June 7, 2018, Ticketfly announced that its website had been hacked and the personal information of Ticketfly’s registered users had been stolen.

103. [REDACTED]

104. The Ticketfly hack provoked some of its creators to leave the platform and temporarily diverted Eventbrite’s product team away from the migration process. [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 Additionally, vendor Chain Reaction, an all-ages music festival in Southern California cut ties
5 with Eventbrite, noting “a massive loss of sales [after the hack].”⁸

6 105. The only disclosures in the Offering Documents about the hacking incident
7 concerned the number of Ticketfly accounts that were affected and the amount of costs that
8 Eventbrite had booked and recorded as expenses for accounting purposes. The Prospectus did not
9 disclose that the hacking incident also impacted Ticketfly migration and financial plans.

10 **III. Eventbrite Plans and Conducts the IPO**

11 106. From April 2018 to September 2018, Defendants drafted, edited, and modified
12 (more than 50 versions) the IPO documents that would later be filed with the SEC.

13 107. On June 15, 2018, Eventbrite filed a draft Registration Statement on Form DRS
14 with the SEC.

15 108. On July 14, 2018, and July 18, 2018, less than ten weeks before the IPO, [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 109. [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

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⁸ *Id.*

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110.

111.

112. Meanwhile, Eventbrite had retained ██████████ in July 2018 to perform a valuation of the company. ██████████

113.

114.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 115. On August 23, 2018, Eventbrite filed a Registration Statement on Form F-1 with
22 the SEC. After receiving comments from the SEC, Eventbrite subsequently filed amendments to
23 the Registration Statement. On September 18, 2018, Eventbrite filed its final amendment to the
24 Registration Statement with the SEC on Form S-1/A, which forms part of the Registration
25 Statement. The Registration Statement was declared effective on September 19, 2018. The
26 Registration Statement was subsequently utilized in connection with Eventbrite's IPO.

27 116. Each of the Individual Defendants signed and/or approved the Registration
28 Statement.

1 117. On September 19, 2018, the Company announced the pricing of its initial public
2 offering of 10,000,000 shares of Eventbrite Class A common stock at \$23 per share. The Company
3 also announced that its shares had been approved for listing on the NYSE.

4 118. On September 20, 2018, Eventbrite filed its prospectus on Form 424B4 with the
5 SEC, which forms part of the Registration Statement. Eventbrite's shares were subsequently listed
6 and began trading on the NYSE.

7 119. In the IPO, the Company sold 11.5 million shares of Eventbrite Class A common
8 stock at a price of \$23.00 per share, for total proceeds of approximately \$246 million, net of
9 underwriting discounts and commissions.

10 **IV. The Offering Documents Contained False and Misleading Statements and Omitted** 11 **Material Information**

12 120. The Offering Documents used to effectuate the Company's IPO were negligently
13 prepared and, as a result, contained untrue and misleading statements of material facts or omitted
14 to state other facts necessary to make the statements made not misleading and that were required
15 to be disclosed.

16 **A. The Offering Documents Omitted Material Information that Was Necessary** 17 **to Make Other Statements Not Misleading**

18 121. According to the Prospectus, part of the Company's "Growth Strategy" depended
19 upon its ability to leverage its existing platform through "selective" acquisitions like Ticketfly:

20 *Selectively Acquire Businesses Focused on Serving Creators.*
21 We have been successful leveraging our platform to make selective acquisitions
22 that have contributed to creator and revenue growth. *We accelerated our*
23 *momentum through the acquisitions of ticketscript and Ticketfly.* By finding like-
24 minded teams who share a common ethos around serving creators, we can continue
25 to expand and offer new capabilities to existing creators. *The modularity and*
26 *extensibility of our platform enables us to quickly integrate and migrate creators*
27 *to the Eventbrite platform, allowing us to quickly deprecate the acquired*
28 *technology and associated costs.*⁹

29 122. The statements above in Paragraph 121 about the "*modularity and extensibility*" of
30 Eventbrite's platform and about Eventbrite's ability to "*quickly integrate and migrate creators*"
31 were false and misleading and omitted material information for several reasons.

32 ⁹ Prospectus at 118.

1 123. *First*, they painted a picture of an all-powerful and versatile Eventbrite platform
2 that was simply not the case. In reality, Eventbrite’s platform lacked many of the functionalities
3 that were necessary to the businesses that Eventbrite acquired.

4 124. [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 125. [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 126. [REDACTED]
19 [REDACTED]
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22 [REDACTED]
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28 127. [REDACTED]

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[REDACTED]

128. Simply put, contrary to the statements in Eventbrite’s Prospectus, the “modularity and extensibility” of Eventbrite’s platform *did not* enable it “to quickly migrate creators.” Instead,

[REDACTED]

129. *Second*, the statement above in Paragraph 121 about Eventbrite “*accelerat[ing] [its] momentum through the acquisitions of ticketscript and Ticketfly*” was false and misleading because, in reality, the painfully slow migration of Ticketfly creators and the lack of functionalities had the opposite effect. In reality, [REDACTED]

[REDACTED] As later admitted by the Company, migrating Ticketfly customers and building platform capabilities those customers needed, but Eventbrite did not have, caused the Company’s resources to be “primarily focused on integrating existing revenues as opposed to delivering net new growth.” Furthermore, [REDACTED]

[REDACTED] a material trend that was both known to Defendants *at the time of the IPO* and was likely to impact the Company’s financials in Q4 2018 and beyond.

130. [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 131. [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] Thus, far from “accelerat[ing]” Eventbrite’s

7 momentum, the Ticketfly and ticketscript acquisitions *hampered that momentum*, yet Defendants

8 failed to disclose any of these actual risks that were already unfolding at the Company.

9 132. *Third*, the statement that Eventbrite would “*quickly deprecate the acquired*

10 *technology and associated costs*” was also false and misleading as was demonstrated by the

11 Ticketfly acquisition. In light of the slow migration and integration, [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 133. [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 134. The negative costs associated with the delayed migration are another reality that

23 stands at odds with statements in the Prospectus. *See* Prospectus at 118.

24 135. The Offering Documents included numerous similar statements regarding

25 Eventbrite’s purportedly “powerful and comprehensive platform” that supposedly would enable

26 the successful migration of customers of its acquired companies (including Ticketfly):

27 ///

28

1 ***Our Technology Platform***

2 To enable creators to more easily plan, promote and produce successful events
3 independent of size, category or geographic location, we have designed a powerful
4 and comprehensive platform. ***Our platform’s cloud-based architecture supports
5 a modular and extensible design that facilitates rapid product development and
6 innovation by our internal development teams***, our external partners and a broad
7 developer ecosystem.

8 The five core tenets guiding our platform design are:

9 • ***Accessibility.*** We build intuitive mobile and Web applications that
10 ***connect to a single platform.*** Creators can choose how they interface with our
11 platform. Their access is not limited by the channels they prefer.

12 • ***Modularity.*** Our core capabilities are built as independent components
13 and solutions so that they can be efficiently modified without redeploying the entire
14 codebase. Similarly, ***new capabilities can be easily added without disturbing the
15 functionality of the existing platform.*** This approach fuels rapid product
16 development.

17 • ***Extensibility.*** ***We can extend our platform to integrate third parties,
18 enabling creators’ seamless access to best-in-class partners.*** We also extend their
19 reach by building Eventbrite into social and media properties with large audiences.

20 • ***Flexibility.*** Our proprietary and third-party components exist on our
21 common platform, ***allowing creators to seamlessly customize their experience by
22 choosing different functionalities for each event.***

23 • ***Reliability.*** We can centrally manage the performance of our platform,
24 providing oversight and monitoring of that performance to support high-demand
25 on-sales while continually monitoring for fraudulent or malicious activity.¹⁰

26 136. The statements above in Paragraph 135 were false and misleading because, as
27 discussed above, Eventbrite’s platform did ***not*** “facilitate[] rapid product development,” “new
28 capabilities” could ***not*** “be easily added,” Eventbrite could not easily “extend [its] platform to
29 integrate third parties,” or provide creators with “seamless access” and allow creators “to
30 seamlessly customize their experience.” Rather, [REDACTED]

[REDACTED]

31 137. [REDACTED],

32 ¹⁰ Prospectus at 118–19.

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

9 [REDACTED]

10 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 138. The Prospectus also represented that “[s]ubstantially all” of Eventbrite creators did
13 not require any customer service or support, thus leading investors to believe the margins from its
14 creators were high and sustainable:

15 Substantially all creators who use our platform create and manage events without
16 the need for service or support.¹¹

17 139. Similarly, the Prospectus stated that:

18 ***Streamlined Creator Experience***

- 19 • Our platform is designed to be powerful, yet easy to use, and to
20 seamlessly support the entire lifecycle of an event. ***Creators are able to use our***
21 ***platform without training, support or professional services and, as a result, are***
22 ***able to reduce the time and effort necessary to produce live experiences. Our***
platform scales with creators. Many creators begin to use our platform for free
gatherings and evolve to paid events of various sizes.

23 140. The statements above in Paragraphs 138–139 were false and misleading because,
24 at the time of the IPO, [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 ¹¹ Prospectus at 2.

1 [REDACTED]
2 141. [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]

7 142. Tellingly, as of the time of the IPO, Eventbrite’s executives candidly acknowledged
8 that [REDACTED]
9 [REDACTED] Defendants, however, concealed the [REDACTED]
10 [REDACTED] at the time of the IPO.

11 143. The Prospectus also described as a “competitive strength[.]” the purported fact that
12 Eventbrite’s “Comprehensive Platform Serves Any Creator,” asserting:

13 Our platform combines deep functionality designed to serve sophisticated creators
14 yet is intuitive and easy to use for creators of all types. This platform is modular
15 and extensible, *allowing us to build new capabilities quickly and to integrate with
16 best-in-class third-party services.*¹²

16 144. The statements above in Paragraph 143 were false and misleading and omitted
17 material information. In truth, Eventbrite’s platform was *limited in functionality and its ability*
18 *to scale*. For example, [REDACTED]
19 [REDACTED] Creators — customers or potential customers — were leaving or not adopting the
20 platform because of the platform’s inability to serve their differing interests, needs, issues, or
21 challenges. Because the platform was not nearly as robust as suggested by the Registration
22 Statement, Eventbrite was acquiring other ticketing platforms in part to adopt or develop the
23 functionality of those platforms onto the Company’s own platform.

24 145. Ticketfly was in fact Eventbrite’s direct competitor in North America, and the
25 Company acquired Ticketfly in part because Ticketfly’s platform offered products and
26 functionality Eventbrite did not have. Indeed, [REDACTED]
27 [REDACTED]

28 ¹² Prospectus at 4, 117.

1 [REDACTED]

2 [REDACTED] As later admitted by

3 the Company, [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] These facts that existed *at the time of the IPO* would have

7 been significant to investors, and when they were partially revealed just months after the IPO,

8 investors headed for the exits and Eventbrite's stock price fell over 33% from the IPO price.

9 146. Defendants also represented in the Prospectus that the Ticketfly acquisition had

10 already begun to have "*a positive impact on [the Company's] net revenue growth*" and had

11 already contributed to the Company's increased revenues in 2017, as compared to the prior year.¹³

12 These representations were misleading because they suggested that the value-creating effects of

13 the acquisition would continue, even though, at the time of the IPO, [REDACTED]

14 [REDACTED]

15 [REDACTED] The

16 Prospectus was misleading because it failed to disclose the adverse impacts that Ticketfly

17 migration delays and problems were already having on revenue growth and expenses, [REDACTED]

18 [REDACTED]

19 147. The Prospectus also misrepresented to shareholders that a "key element" of

20 Eventbrite's business model was the company's ability to "efficiently acquire creators" while

21 "keeping our sales and marketing costs low," which allegedly gave it a significant "Cost

22 Advantage:"

23 **Our Business Model**

24 The key elements of our business model are:

25 *Efficiently Acquire Creators*

26 We are highly focused on creating a seamless experience that attracts creators to our
27 platform organically. More than 95% of creators who used our platform in 2017 signed
28 themselves up for Eventbrite. In 2017, we derived 54% of our net revenue from these

¹³ Prospectus at 78, 84.

1 creators. We attract creators to our platform through multiple means, including prior
2 experience as attendees, word of mouth from other creators, our prominence in search
3 engine results, the ability to try our platform for free events and our library of content.
4 We augment these channels with a highly-targeted direct sales effort that focuses on
5 acquiring creators with events in specific categories or countries. ***We leverage this
6 efficient customer acquisition model to attract a wide range of creators to Eventbrite
7 while keeping our sales and marketing costs low. Substantially all creators go on to
8 create and manage events with little service or support.***

9 ***Provide High-Quality Solutions at a Cost Advantage*** We deliver our solutions on a
10 ***cloud-based architecture that allows us to serve a wide variety of creators on a single
11 global system, thereby reducing our operating and support costs.*** Our cloud-based
12 platform does not require us to own or operate data centers or proprietary on-premises
13 equipment. Additionally, ***our highly-automated platform requires limited service and
14 support staff. All of this frees up capital and other resources to dedicate to enhancing
15 our platform and growing our business.*** Our platform is extensible and modular,
16 allowing us to efficiently improve and expand our services, as well as partner with third
17 parties to deliver the best experience possible for creators.¹⁴

18 148. These statements in the Prospectus were false and misleading. In fact, at the time
19 of the IPO, far from having a significant “Cost Advantage,” [REDACTED]

20 149. In fact, when Eventbrite announced its Q4 2018 financial results on March 7, 2019,
21 Defendant Befumo was forced to admit that significantly increased costs incurred by Eventbrite
22 had adversely affected the company’s gross margins:

23 We expect our margins in the first quarter to be in line with 2018 because we're
24 focusing on continuing to grow our product development investment, while we are
25 developing against our global platform to create advanced event management
26 capabilities. Further ***in the short-term, additional costs related to acquire
27 platforms weighed on our margins.***

28 150. Befumo’s admission that “additional costs related to acquire platforms [*i.e.*,
Ticketfly] weighed on our margins” directly contradicted the representations in the Prospectus that
a “key element” of Eventbrite’s business model was its supposed ability to “leverage this efficient
customer acquisition model . . . while keeping our sales and marketing costs low.” Eventbrite’s
increased expenses and lower margins resulted in Eventbrite reporting lower earnings per share
 (“EPS”) on March 7, 2019 than the market expected (-\$0.325 versus -\$0.105) even though it met

¹⁴ See Prospectus at 65–66.

1 consensus expected revenues. Its stock declined 30% on the news, demonstrating the materiality
2 of the news.

3 151. At the same time, Eventbrite lowered guidance for revenues on March 7, 2019, thus
4 admitting that the problems with Ticketfly were also adversely affecting revenues. As opposed to
5 having systems in place that allowed it to “reduc[e] our operating and support costs” so as to “free[]
6 up capital and other resources to . . . growing our business,” [REDACTED]

7 [REDACTED]
8 [REDACTED] Thus, far from freeing up capital to spend on growth, Eventbrite was having
9 to divert capital earmarked for growth on keeping existing customers it had already acquired.

10 152. [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]

20 153. [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
26 [REDACTED]

27
28 ¹⁵ See Prospectus at 61.
¹⁶ See Prospectus at 72.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 154. [REDACTED]
6 [REDACTED] [REDACTED]
7 [REDACTED] [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 **B. The Offering Documents Omitted Material Information that Defendants Had**
14 **a Duty to Disclose Under Item 303**

15 155. Under Item 303 of SEC Regulation S-K, 17 C.F.R. § 229.303(a)(3)(ii), the Offering
16 Documents were also required to disclose any known trends, events, and uncertainties that were
17 having or that were reasonably likely to have an impact on the Company’s continuing operations.

18 156. The Offering Documents violated Item 303 by failing to disclose that at the time of
19 the IPO, the migration of Ticketfly’s platform and customers was already proceeding much slower
20 than expected and that Eventbrite was already experiencing fundamental problems with integrating
21 the Ticketfly platform in its own platform, given the starkly different approaches taken by each
22 company with regard to ticketing and customer support. The Offering Documents also violated
23 Item 303 by failing to disclose that far from being “powerful,” “modular,” and “extendable,” [REDACTED]

24 [REDACTED]
25 [REDACTED]

26 [REDACTED] As
27 discussed below, the Offering Documents were required to disclose these fundamental issues
28 because these were known trends, events, and uncertainties that existed at the time of the IPO and

1 were likely to, and did, negatively affect the Company's revenue and growth.

2 157. Specifically, the Offering Documents failed to disclose [REDACTED]
3 [REDACTED] both of which qualify
4 as material "trends" that existed at the time of the IPO, as demonstrated by the following charts.

5 [REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

18 [REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

27 158. As the first chart above (the data for which was compiled from [REDACTED]
28 [REDACTED] demonstrates, [REDACTED]

1 [REDACTED] was not
2 something that became apparent only after the IPO. Rather, [REDACTED]
3 [REDACTED]
4 [REDACTED] Indeed,
5 [REDACTED]
6 [REDACTED]

7 159. Similarly, as the second chart above (the data for which was also compiled from [REDACTED]
8 [REDACTED]
9 demonstrates, [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 160. As discussed in detail above, these facts were known to Defendants prior to the IPO
13 and were frequently discussed in internal e-mails, and yet were not disclosed.

14 161. For example, Befumo identifies some of these known trends in [REDACTED]
15 [REDACTED]
16 [REDACTED]

- 17 [REDACTED]
- 18 ■ [REDACTED]
 - 19 ■ [REDACTED]
 - 20 ■ [REDACTED]
 - 21 ■ [REDACTED]
 - 22 ■ [REDACTED]

23 162. Similarly, [REDACTED]
24 [REDACTED]
25 [REDACTED]

26 163. Further demonstrating knowledge prior to the IPO, [REDACTED]
27 [REDACTED]
28 [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 164. Despite these and similar internal acknowledgments, Eventbrite did not disclose

5 that [REDACTED]

6 [REDACTED] Eventbrite also failed to disclose that there were side

7 effects from having to delay features to tackle Ticketfly, including [REDACTED]

8 [REDACTED]

9 165. [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 166. [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 167. [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 ¹⁷ “Churn” refers to the loss of customers.

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[REDACTED]

168. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

169. Defendants had a duty to disclose the omitted information because it was reasonably likely to impact the Company's financial results in Q4 2018 and beyond. Indeed, as early as July of 2018, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

170. The omitted information was also highly material because it meant that *Eventbrite was losing paying customers who accounted for substantially all of its revenues*. This loss was exacerbated by Ticketfly's May 30, 2018 hacking incident, which led to additional loss of creators. As the Prospectus acknowledges, the Company's success is tied to the success of its creators. Eventbrite gets paid only on paid live events. *See* Prospectus at 65.

171. Defendants also had a duty under Item 303 to disclose that the Company was diverting significant resources from other profitable areas to tackle the Ticketfly migration.

172. For example, over [REDACTED]

[REDACTED] which had a negative impact on the Company's financial results. [REDACTED]

[REDACTED]

[REDACTED]

173. [REDACTED]

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[REDACTED]

174. In an attempt to solve the problem, Eventbrite moved staff and developers from other profitable aspects of the business to the migration effort. That did not solve the morale problem, but only negatively impacted the financial results. [REDACTED]

[REDACTED]

175. At the end of the day, [REDACTED]

[REDACTED] Defendants failed to disclose this material trend, event, or uncertainty, even though it existed at the time of the IPO, was known to Defendants, and was reasonably likely to impact the Company's financial results for Q4 2018 and beyond given that the [REDACTED]

176. Defendants also had a duty under Item 303 to disclose that employee morale was suffering and negatively impacting the Company.

177. [REDACTED]

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[REDACTED]

178. [REDACTED]

179. [REDACTED]

[REDACTED]

[REDACTED]

180. Defendants failed to disclose this material trend, event, or uncertainty, even though it existed at the time of the IPO, was known to Defendants, and was reasonably likely to impact the Company

C. Purported “Risk Factors” Were Misleading Under Item 105

181. Under Item 105 of SEC Regulation S-K, 17 C.F.R. § 229.105 (formally, Item 503), Defendants were also required to include, in the “Risk Factor” section of the Registration Statement and Prospectus, “a discussion of the most significant factors that make the offering speculative or risky” and to ensure that each factor “adequately describes the risk.”

182. Here, the Prospectus merely disclosed various generic “Risk Factors” and stated that “[i]n case” they did actually occur, then Eventbrite’s financial condition and results of

1 operation “*could* be materially and adversely affected.” These purported “Risk Factors” violated
2 Item 105 by failing to disclose that the warned-of risks were *already* known or predicted, *already*
3 occurring, and were *already* negatively impacting Eventbrite’s financial condition. Defendant also
4 failed to adequately disclose the specific risks identified above even though they were highly
5 significant factors that rendered any investment in Eventbrite stock speculative or risky.

6 183. The Prospectus stated that “[o]ur success depends on our ability to ... retain
7 *existing creators*” and acknowledged that “[w]e *may* fail to ... retain existing creators due to a
8 number of factors,” including “our ability to maintain and continually enhance our platform and
9 provide services that are valuable and helpful to creators.”¹⁸ In such an event, the Prospectus
10 warned that “creators *may* seek other solutions and we *may* not be able to retain them.”¹⁹

11 184. The Prospectus also warned, “[f]inancial and operational risks related to
12 acquisitions, investments and significant commercial arrangements that *may* have an impact on
13 our business include ... failure to properly and timely integrate acquired companies and their
14 operations, reducing our ability to achieve, among other things, anticipated returns on our
15 acquisitions through cost savings and other synergies.”²⁰ The Prospectus further stated that “[t]he
16 pace and success rate of migration *may* be influenced by many factors, including the pace and
17 quality of product development, our ability to operationally support the migrating creators and our
18 adoption of business practices outside of our platform that matter to the creator.”

19 185. The Prospectus also warned that “[i]f we do not continue to maintain and improve
20 our platform or develop successful new solutions and enhancements or improve existing ones, our
21 business will suffer.”²¹ It warned that “creators *may* not be satisfied with our enhancements or
22 *perceive that the enhancements do not adequately respond to their needs.*”

23 186. These “risk factors” were insufficient and were materially misleading at the time
24 they were made [REDACTED]

25 [REDACTED] Specifically, as discussed extensively

26
27 ¹⁸ Prospectus at 14.

¹⁹ *Id.*

²⁰ *Id.* at 16.

²¹ *Id.* at 17.

1 above, [REDACTED]
2 [REDACTED]
3 [REDACTED] Accordingly, by the time of the IPO,
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED] The
8 risk factors are also misleading because they imply that the migration was complete, and nowhere
9 in the Prospectus does Eventbrite disclose that the Ticketfly migration was ongoing at the time of
10 the IPO.

11 187. Simply put, these purported “risk factors” were false and misleading and omitted
12 material information because [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED] Consequently, as of the IPO, [REDACTED]
16 [REDACTED] What was described as something that “could result” in the future,
17 namely operating difficulties, was then *already* happening as of the IPO. With the Company
18 struggling to integrate Ticketfly since September 2017, it had already failed to timely integrate
19 Ticketfly, given that, as of the IPO, [REDACTED]
20 [REDACTED]

21 188. In addition, the Prospectus stated that Eventbrite’s “industry is characterized by
22 rapidly changing technology, new service and product introductions and changing demands of
23 creators” and that “[b]uilding new solutions is costly and complex,” and warned that “*if* we do
24 not continue to maintain and improve our platform or develop successful new solutions ... our
25 business will suffer.” Those statements were false and misleading and omitted material facts
26 because Eventbrite was then *already* suffering from a failure to introduce new products and meet
27 creator demands — this was not a matter of keeping up with the pace of technology and demands
28 in the future. [REDACTED]

1 [REDACTED] and the Company was suffering from the
2 demand on its resources as a result of its previous choice to integrate those existing functions from
3 Ticketfly onto the Company's platform instead of separately operating the Ticketfly's platform.

4 189. Furthermore, the Prospectus generally described a list of "risks" related to its
5 employees, stating "[o]ur success depends upon the continued service of our founders and senior
6 management team and key technical employees, *as well as our ability to continue to attract and*
7 *retain additional highly qualified personnel*" and "future success depends on our continuing
8 ability to identify, hire, develop, motivate, retain and integrate highly skilled personnel for all areas
9 of our organization." Those statements were false and misleading and omitted material facts
10 because [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 190. In addition, these statements were misleading because [REDACTED]
15 [REDACTED] This was due to several
16 reasons. [REDACTED]

17 [REDACTED]
18 [REDACTED]
19 [REDACTED] Indeed, [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED] Dreskin, who
23 joined Eventbrite as an executive following the Ticketfly acquisition, stepped down from that role
24 shortly after the IPO in May of 2019. Second, as the Company acknowledged in an internal
25 memorandum, [REDACTED]

26 [REDACTED]
27 [REDACTED]

28 //

1 **V. Eventbrite Reports Disappointing Financial Results and Reveals that Ticketfly**
2 **Integration Issues Will Continue to Negatively Impact the Company's Growth Rate**

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191. [REDACTED]

192. On March 7, 2019, the Company announced its disappointing financial results for the fourth quarter of 2018. [REDACTED]

[REDACTED] Despite increased revenues, the Company reported increased losses for the year and reduced its guidance for the first quarter of 2019, forecasting revenues between \$80 million and \$84 million, well below the analyst consensus target of \$91 million. The Company attributed the weak outlook to the challenges in migrating Ticketfly customers to the Eventbrite's platform.

193. In a letter to shareholders, the Company explained that the shortfall was related to the integration and migration of Ticketfly into the Eventbrite platform, and indicated that its growth rate would continue to be negatively impacted while it integrated Ticketfly:

Since we last updated you, we have made substantial progress toward integration and migration of Ticketfly creators. We made a deliberate decision when we acquired the company to integrate it into the Eventbrite platform, which made for a more complex and time-consuming integration process. *During this process, our team has been focused on migrating existing customers*, which creates tremendous value for our business *but does not result in near-term revenue growth*. We believe in this strategy because it will enable us to build the leading, global independent music platform.

We anticipate finishing the last integration work to support creator migration in the second quarter of 2019. *In the second half of the year we aim to complete creator migration and sunset the Ticketfly platform*. Therefore, we believe that growth rates of our North American music business will begin to accelerate by early 2020.

1 Completing integration and migration will have multiple benefits. ***Immediately,***
2 ***all resources dedicated to Ticketfly customer migration and supporting the***
3 ***Ticketfly platform will shift to focus on growth.*** Further, we will enjoy the benefits
4 of scale, market position and incremental cash flows that come with our status as
5 one of the leading North American independent music platforms. ***The integration***
6 ***of Ticketfly with our platform will also enable us to redeploy the products we***
7 ***create for other solutions.***

8 194. The Company also stated in the letter that migration headwinds were expected to
9 offset “continued growth self sign-on and international for the first quarter of 2019.”

10 195. In the letter, Eventbrite also disclosed that on a full-year basis, operating expenses
11 grew to \$209.6 million, a 36.7% increase year over year. Product development expenses for 2018
12 were reported to be \$46.1 million, an increase of 50.5% from 2017. Sales, marketing and support
13 spend for the full year was \$69.8 million, an increase of 26.5% compared to 2017. General and
14 administrative expenses for the full year were \$93.8 million, an increase of 38.8% from 2017. And
15 these numbers would have been much worse but for the fact that Eventbrite recognized insurance
16 recoveries related to the Ticketfly data security incident in the amount of \$3.1 million in Q4 2018.

17 196. On the March 7, 2019 conference call with analysts to discuss Q4 2018 results,
18 Defendant Befumo admitted that “Further in the short-term, additional costs related to acquire
19 platforms weighed on our margins.” On the call, analyst Squali noted that “G&A [expenses] saw
20 a big step up in spend in Q4 [2018].” Befumo acknowledged that the increased expenses would
21 have been even higher but for the \$3.1 million insurance recovery related to Ticketfly, which was
22 booked by Eventbrite as a “contra expense in G&A.”

23 197. On this news, the Company’s stock price fell \$7.96 per share, or nearly **25%**,
24 closing at \$24.46 per share on March 8, 2019.

25 198. On March 8, 2019, SunTrust Robinson Humphrey analyst Youssef Squali was
26 quoted as stating “This process is proving more complex and more time consuming with its timing
27 not working particularly well for creators.” Analysts noted that the increase in revenues reported
28 by Eventbrite was not enough to offset significantly greater than expected expenses and the
29 company’s lowered guidance for revenues.

30 199. In SunTrust’s April 29, 2019 Earnings Preview, SunTrust stated that “EB should
31 report 1Q19 results that are in-line with lowered expectations.” SunTrust further stated:

1 We believe the focus this quarter [1Q19] will be on the Ticketfly migration, as the
2 progress, or lack thereof, will likely determine the growth curve in 2H. Current
3 expectations (and management's guidance) are for the integration work to be
4 completed mid-year (June/July). ...

5 As more of the sales force works on migrating Ticketfly creators and less on landing
6 new accounts, growth will be pressured. ***Much of this slowdown is self-inflicted,
7 in our view, not the result of changes to TAM²² or a dramatic shift in the
8 competitive landscape.*** We do note that competitors have taken advantage of the
9 current dislocation from the integration to try to attract EB clients with generous
10 offers.

11 200. On May 1, 2019, after the market closed, the Company reported disappointing
12 earnings for the first quarter of 2019. Eventbrite reported a loss of \$10 million, or 13 cents a share,
13 far greater than analysts' expected loss of 8 cents a share on \$83.1 million in revenue. The
14 Company's operating expenses, which rose 23% to \$61 million, significantly offset revenue
15 growth. Further, the Company's general and administrative costs — which were attributed to
16 higher personnel costs, including stock-based compensation — increased 26%.

17 201. The Company also issued revenue guidance of \$74 million to \$78 million, well
18 below analysts' expected revenue of \$82.4 million, for the second quarter of 2019. In addition,
19 the Company announced that it would search for a new CFO to replace defendant Randy Befumo.

20 202. On the call with analysts held the same day, Defendants once again attributed the
21 weak outlook to problems stemming from the Ticketfly acquisition, with defendant Julia Hartz
22 acknowledging that the Ticketfly acquisition “***resulted in a complex and consuming integration
23 process***” and that, as a result, “***internally resources dedicated to Ticketfly has been primarily
24 focused on integrating existing revenues as opposed to delivering net new growth.***”

25 203. Following these revelations, Eventbrite's stock price tumbled more than 27% to
26 close at \$17.60 on May 2, 2019.

27 204. *The Wall Street Journal* reported on May 1, 2019 in an article entitled “Eventbrite
28 Shares Plunge After Quarterly Loss, Weak Forecast” that:

Eventbrite said it expects to bring in between \$74 million and \$78 million in
revenue, below the \$82 million analysts were expecting. The company said it faced

²² “TAM” refers to Total Addressable Market.

1 problems related to platform migration during the quarter.

2 Eventbrite bought Ticketfly, a ticketing platform used mainly for concerts, from
3 Pandora Media in 2017 for \$200 million. Eventbrite plans to bring the two
4 platforms together by the summer, but executives have said the integration has
5 taken longer-than expected and weighed on the company's bottom line.

6 "We took on a substantial challenge when we acquired Ticketfly and spent time
7 and resources to address the product demand and competitive landscape," said Julia
8 Hartz, Eventbrite's co-founder and chief executive, on a conference call with
9 analysts. ***"Resources dedicated to Ticketfly have been primarily focused on
10 integrating existing revenues as opposed to delivering net new growth."***

11 205. On May 24, 2019, when this action was commenced, Eventbrite's stock was trading
12 at ***\$16.14 per share*** — well below its \$23 per share IPO price.

13 CLASS ACTION ALLEGATIONS

14 206. Plaintiffs bring this action under California Code of Civil Procedure § 382 as a class
15 action on behalf of a class consisting of all purchasers of Eventbrite Class A common stock in
16 and/or traceable to the Company's IPO and the Offering Documents who were damaged thereby
17 ("Class"). Excluded from the Class are Defendants, the officers and directors of the Company at
18 all relevant times, members of their immediate families and their legal representatives, heirs,
19 successors, or assigns, and any entity in which Defendants have or had a controlling interest.

20 207. The members of the Class are so numerous such that joinder of all members is
21 impracticable. While the exact number of Class members is unknown to Plaintiffs at this time and
22 can only be ascertained through appropriate discovery, Plaintiffs are informed and believe that
23 there are hundreds or thousands of members of the proposed Class. The members of the proposed
24 Class may be identified from records maintained by Eventbrite or its transfer agent and may be
25 notified of the pendency of this action by mail, using customary forms of notice that are commonly
26 used in securities class actions.

27 208. Plaintiffs' claims are typical of the claims of the members of the Class, as all
28 members of the Class are similarly affected by Defendants' violations of law, as alleged herein.

29 209. Plaintiffs will fairly and adequately protect the interests of the members of the Class
30 and have retained counsel competent and experienced in class and securities litigation.

31 210. Common questions of law and fact exist as to all members of the Class and

1 predominate over any questions solely affecting individual members of the Class. Among the
2 questions of law and fact common to the Class are:

3 a. whether Defendants violated the federal securities laws by virtue of their
4 acts and omissions alleged herein;

5 b. whether the Registration Statement and Prospectus contained materially
6 false and misleading statements and omissions; and

7 c. to what extent Plaintiffs and members of the Class have sustained damages
8 as a result of the foregoing, the manner in which each Defendant is responsible for damages
9 sustained by Plaintiffs and the Class, and the proper measure of such damages.

10 211. A class action is superior to all other available methods for the fair and efficient
11 adjudication of this controversy since joinder of all members is impracticable, and because the
12 damages suffered by individual Class members may be relatively small, such that the expense and
13 burden of individual litigation make it financially unfeasible and unreasonable and/or impossible
14 for members of the Class to individually redress the wrongs done to them. There will be no
15 difficulty in the management of this action as a class action.

16 CAUSES OF ACTION

17 FIRST CAUSE OF ACTION

18 Violation of § 11 of the Securities Act

19 (Against Eventbrite, the Individual Defendants, and the Underwriter Defendants)

20 212. Plaintiffs repeat and reallege each and every allegation contained above as if fully
21 set forth herein.

22 213. This claim is brought pursuant to § 11 of the Securities Act, 15 U.S.C. § 77k, on
23 behalf of the Class, against Eventbrite, the Individual Defendants, and the Underwriter Defendants.

24 214. The Registration Statement was inaccurate and misleading, contained untrue
25 statements of material facts, omitted facts necessary to make the statements made therein not
26 misleading, and/or omitted to state material facts required to be stated therein.

27 215. Eventbrite is the issuer of the securities purchased by Plaintiffs and the Class. As
28 such, Eventbrite is strictly liable for the materially inaccurate statements contained in the

1 Registration Statement and the failure of the Registration Statement to be complete and accurate.

2 216. The Individual Defendants each signed and/or authorized the Registration
3 Statement. As such, each is strictly liable for the materially misleading, inaccurate, and/or
4 incomplete statements and omissions in the Registration Statement, unless they are able to carry
5 their burden of establishing an affirmative “due diligence” defense. The Individual Defendants
6 each had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy
7 of the statements contained in the Registration Statement, to ensure that they were true and
8 accurate, that there were no omissions of material facts that would make the Registration Statement
9 misleading, and that the Offering Documents contained all facts required to be disclosed. Each of
10 the Individual Defendants should have known, had they exercised reasonable care, of the material
11 misstatements and omissions contained in the Registration Statement, and they also should have
12 known of the omissions of material fact necessary to make the statements made therein not
13 misleading. Accordingly, each of the Individual Defendants is liable to Plaintiffs and the Class.

14 217. The Underwriter Defendants each served as underwriters in connection with the
15 IPO. As such, each is strictly liable for the materially misleading, inaccurate, and/or incomplete
16 statements and omissions in the Registration Statement, unless they are able to carry their burden
17 of establishing an affirmative “due diligence” defense. The Underwriter Defendants each had a
18 duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the
19 statements contained in the Registration Statement, to ensure that such statements were true and
20 accurate, and that there were no omissions of material facts that would make the Registration
21 Statement misleading, and to ensure that the Offering Documents contained all facts required to
22 be disclosed. The Underwriter Defendants should have known, had they exercised reasonable
23 care, of the material misstatements and omissions contained in the Registration Statement, and
24 they also should have known of the omissions of material facts necessary to make the statements
25 made therein not misleading. Accordingly, each of the Underwriter Defendants is liable to
26 Plaintiffs and the Class.

27 218. By reason of the conduct herein alleged, Eventbrite, each of the Individual
28 Defendants, and each of the Underwriter Defendants violated § 11 of the Securities Act.

1 Registration Statement was used to induce investors, such as Plaintiffs and the other members of
2 the Class, to purchase the Company's shares. In addition, [REDACTED]
3 [REDACTED] where they sought to induce investors to purchase the Company's shares and,
4 thus, marketed and solicited the purchases of Eventbrite shares, motivated at least in part by their
5 own financial interests and/or the financial interests of the Company.

6 226. Eventbrite is also a statutory seller for purposes of § 12(a)(2) pursuant to the S.E.C.
7 Rule 159A, 17 C.F.R. § 223.159A.

8 227. The Underwriter Defendants are statutory sellers for purposes of § 12(a)(2) because
9 they conducted the roadshows and passed title to the Eventbrite securities in the IPO to Plaintiffs
10 and other members of the Class.

11 228. The Registration Statement contained untrue statements of material facts, omitted
12 to state other facts necessary to make the statements made not misleading, and omitted material
13 facts required to be stated therein. Defendants' acts of solicitation included participating in the
14 preparation of the false and misleading Registration Statement.

15 229. Plaintiffs and the other Class members did not know, nor could they have known,
16 of the untruths and omissions contained in the Registration Statement.

17 230. Eventbrite, J. Hartz, K. Hartz, Befumo, Harnett, and the Underwriter Defendants
18 were obligated to make a reasonable and diligent investigation of the statements contained in the
19 Registration Statement to ensure that such statements were true and that there was no omission of
20 material fact required to be stated in order to make the statements contained therein not misleading.
21 None of these Defendants made a reasonable investigation or possessed reasonable grounds to
22 believe that the statements in the Registration Statement were accurate and complete in all material
23 respects. Had they done so, they could have known of the material misstatements and omissions
24 alleged herein.

25 231. This claim is brought within one year after discovery of the untrue statements and
26 omissions in the Registration Statement and within three years after shares of Eventbrite Class A
27 common stock were sold to Plaintiffs and members of the Class in connection with the IPO.

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THIRD CAUSE OF ACTION
Violation of § 15 of the Securities Act
(Against the Individual Defendants and Sequoia Capital)

232. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

233. This claim is brought pursuant to § 15 of the Securities Act, 15 U.S.C. § 77o, on behalf of the Class, against each of the Individual Defendants and Sequoia Capital.

234. The Individual Defendants were controlling persons of the Company within the meaning of § 15 of the Securities Act. By reason of their ownership interest in, senior management positions at, and/or directorships held at the Company, as alleged above, these Defendants invested in, individually and collectively, had the power to influence, and exercised control over the Company to cause it to engage in the conduct complained of herein.

235. Defendant Sequoia Capital was an early and significant investor in Eventbrite and is a control person of Eventbrite due to its large equity stakes in Eventbrite as well as its influence on the Board, including representation through Sequoia partner Defendant Botha. Sequoia has significant special rights as shareholder of Eventbrite pursuant to the terms of an investor rights agreement which, among other things, enabled it to influence facets and terms of the IPO.

236. Prior to Eventbrite's IPO, Sequoia owned 13,410,612 shares of Eventbrite Class B stock, representing 20.5% ownership and voting control. After the IPO, Sequoia owned (and continues to own) 13,452,418 shares of Eventbrite Class B stock, representing 17.7% ownership of all shares and 20.0% voting control. Sequoia had (and continues to have) significant control over Eventbrite, including voting control, and influence over Eventbrite and its co-founders, executives and major shareholders, pursuant to the terms of an investor rights agreement to which it is party, among other things.

237. By virtue of the foregoing, each of the Individual Defendants and Sequoia Capital are liable pursuant to § 15 of the Securities Act. As a direct and proximate result of the wrongful conduct, Plaintiffs and the Class members suffered damages in connection with their purchases of the Company's shares.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for a judgment as follows:

- A. Declaring this action to be a proper class action and that Plaintiffs are adequate representatives of the Class;
- B. Awarding Plaintiffs and the other members of the Class compensatory damages;
- C. Awarding Plaintiffs and the other members of the Class equitable and injunctive relief, including restitution and rescission;
- D. Awarding Plaintiffs and the other members of the Class pre-judgment and post-judgment interest, as well as reasonable attorneys’ fees, expert witness fees, and other costs and disbursements; and
- E. Awarding Plaintiffs and the other members of the Class such other and further relief as the Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury on all issues so triable.

Dated: November 9, 2020

Respectfully submitted,
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/s/ Mark C. Molumphy
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