

**UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON**

, Individually and on Behalf  
of All Others Similarly Situated,

Plaintiff,

v.

EXPENSIFY, INC., DAVID BARRETT,  
RYAN SCHAFFER, BLAKE BARTLETT,  
and ROBERT LENT,

Defendants.

Case No.

**CLASS ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

Plaintiff (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases

published by and regarding Expensify, Inc. (“Expensify” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

### **NATURE OF THE ACTION**

1. This is a securities class action on behalf of all those who purchased or otherwise acquired Expensify common stock pursuant and/or traceable to the Offering Documents (defined below) issued in connection with the Company’s initial public offering conducted on or about November 11, 2021 (the “IPO” or “Offering”). Plaintiff pursues claims against the Defendants under the Securities Act of 1933 (the “Securities Act”).

2. Expensify provides a cloud-based expense management software platform to individuals, small businesses, and corporations in the U.S. and internationally. The Company's platform purportedly enables users to manage corporate cards, pay bills, generate invoices, collect payments, and book travel, and Expensify offers track and submit plans for individuals.

3. On October 15, 2021, Expensify filed a registration statement on Form S-1 with the SEC in connection with the IPO, which, after several amendments, was declared effective by the SEC on November 9, 2021 (the “Registration Statement”).

4. On or about November 11, 2021, pursuant to the Offering Documents, Expensify conducted its IPO, selling 9.73 million shares priced at \$27.00 per share.

5. On November 12, 2021, Expensify filed a prospectus on Form 424B4 with the SEC in connection with the IPO, which incorporated and formed part of the Registration Statement (the “Prospectus” and, together with the Registration Statement, the “Offering Documents”).

6. The Offering Documents were negligently prepared and, as a result, contained untrue statements of material fact or omitted to state other facts necessary to make the statements made not misleading and was not prepared in accordance with the rules and regulations governing their preparation. Specifically, the Offering Documents made false and/or misleading statements and/or failed to disclose that: (i) Expensify's revenue growth was highly susceptible to structural and macroeconomic headwinds; (ii) as a result, the Company overstated the efficacy of its business model and the likelihood it would meet the long-term growth projections touted in the Offering Documents; (iii) accordingly, the Company's post-IPO financial position and/or business prospects were overstated; and (iv) as a result, Defendants' statements about the Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

7. On June 12, 2023, Morgan Stanley downgraded Expensify to Underweight from Equal-weight, citing structural headwinds and the Company's risk-reward profile.

8. On this news, Expensify's stock price fell \$0.45 per share, or 6.28%, to close at \$6.72 per share on June 12, 2023.

9. Then, on August 8, 2023, Expensify issued a press release announcing its second quarter 2023 financial and operating results. Among other items, Expensify reported GAAP EPS of -\$0.14, missing consensus estimate of -\$0.07, and revenue of \$38.9 million, which likewise missed the consensus estimate of \$41.5 million. Expensify also withdrew its previously issued revenue growth guidance. Following Expensify's disclosures, JMP Securities ("JMP") downgraded the Company to Market Perform from Market Outperform.

10. On this news, Expensify's stock price fell \$1.69 per share, or 28.55%, to close at \$4.23 per share on August 9, 2023.

11. Finally, after the market closed on November 7, 2023, Expensify issued a press release announcing third quarter 2023 financial and operating results that once again missed consensus estimates amid macroeconomic headwinds. Among other items, Expensify reported a Q3 GAAP loss of \$0.21 per share and a 14.1% year-over-year revenue decline.

12. On this news, Expensify's stock price fell \$1.07 per share, or 36.89%, to close at \$1.83 per share on November 8, 2023.

13. As of the time this Complaint was filed, Expensify's securities continue to trade below the \$27 per share Offering price, damaging investors.

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

### **JURISDICTION AND VENUE**

15. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o).

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

17. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and Section 22(a) of the Securities Act (15 U.S.C. § 77v(a)). Expensify is headquartered in this Judicial District, Defendants conduct business in this Judicial District, and a significant portion of Defendants' actions took place within this Judicial District.

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18. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

### **PARTIES**

19. Plaintiff, as set forth in the Certification attached hereto as **Exhibit 1**, purchased or otherwise acquired Expensify securities pursuant and/or traceable to the Offering Documents issued in connection with the IPO, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

20. Defendant Expensify is a Delaware corporation with principal executive offices located at 401 SW 5th Ave, Portland, Oregon 97204. Expensify's securities trade on the Nasdaq Global Select Market ("NASDAQ") under the ticker symbol "EXFY."

21. Defendant David Barrett ("Barrett") was at the time of the IPO the Company's Chief Executive Officer. Defendant Barrett reviewed, contributed to, and signed or caused to be signed the Offering Documents.

22. Defendant Ryan Schaffer ("Schaffer") was at the time of the IPO the Company's Chief Financial Officer. Defendant Schaffer reviewed, contributed to, and signed or caused to be signed the Offering Documents.

23. Defendant Blake Bartlett ("Bartlett") was at the time of the IPO a Director of the Company. Defendant Bartlett reviewed, contributed to, and signed or caused to be signed the Offering Documents.

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24. Defendant Robert Lent (“Lent”) was at the time of the IPO a Director of the Company. Defendant Lent reviewed, contributed to, and signed or caused to be signed the Offering Documents.

25. Defendants Barrett, Schaffer, Bartlett, and Lent are collectively referred to herein as the “Individual Defendants.”

26. The Individual Defendants ran the Company as hands-on executives, managers and/or directors, overseeing Expensify’s operations, finances, and business. The Individual Defendants made the materially false and misleading statements described herein and each had intimate knowledge about core aspects of Expensify’s financial and business operations. The Individual Defendants were also intimately involved in deciding which disclosures would be made by Expensify. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants, because of their positions at Expensify, possessed the power and authority to control the contents of the Company’s reports to the SEC, press releases, presentations to securities analysts, money and portfolio managers, institutional and individual investors, and industry experts and/or practitioners at conferences and other events. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected.

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## **SUBSTANTIVE ALLEGATIONS**

### **Background**

27. Expensify provides a cloud-based expense management software platform to individuals, small businesses, and corporations in the U.S. and internationally. The Company's platform purportedly enables users to manage corporate cards, pay bills, generate invoices, collect payments, and book travel, and Expensify offers track and submit plans for individuals.

28. On October 15, 2021, Expensify filed a registration statement on Form S-1 with the SEC in connection with the IPO, which, after several amendments, was declared effective by the SEC on November 9, 2021.

29. On or about November 11, 2021, pursuant to the Offering Documents, Expensify conducted its IPO, selling 9.73 million shares priced at \$27.00 per share.

30. On November 12, 2021, Expensify filed a prospectus on Form 424B4 with the SEC in connection with the IPO, which incorporated and formed part of the Registration Statement.

### **Materially False and Misleading Statements Issued in the Registration Statement**

31. In providing an overview of the Company, the Offering Documents stated, in relevant part,

Expensify is a cloud-based expense management software platform that helps the smallest to the largest businesses simplify the way they manage money. Every day, people from all walks of life in organizations around the world use Expensify to scan and reimburse receipts from flights, hotels, coffee shops, office supplies and ride shares. Since our founding in 2008, we have added over 10 million members to our community, and processed and automated over 1.1 billion expense transactions on our platform, freeing people to spend less time managing expenses and more time doing the things they love. For the quarter ended June 30, 2021, an average of 639,000 paid members across 53,000 companies and over 200 countries and territories used Expensify to make money easy.

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We believe that our unique approach has created a highly scalable and efficient business model. We have experienced rapid growth in recent periods. Our revenue was \$80.5 million and \$88.1 million in the years ended December 31, 2019 and 2020, respectively. Our net income (loss) was \$1.2 million and \$(1.7) million in the years ended December 31, 2019 and 2020, respectively. Our adjusted EBITDA was \$7.6 million and \$26.8 million in the years ended December 31, 2019 and 2020, respectively. For the six months ended June 30, 2020 and 2021, our revenue was \$40.6 million and \$65.0 million, respectively. Our net income was \$3.5 million and \$14.7 million in the six months ended June 30, 2020 and 2021, respectively. Our adjusted EBITDA was \$9.2 million and \$22.9 million in the six months ended June 30, 2020 and 2021, respectively.

32. Further, in discussing the Company's approach, the Offering Documents stated, in relevant part:

Since our founding, we have taken a unique approach to expense management built on key, complementary elements:

- ***Platform strategy hyper-focused on the employee.*** We designed Expensify to be easily configured and used by every single employee within an organization, not just decision makers or managers.
- ***Viral, bottom-up business model driven by the employee.*** Our employee-focused platform strategy enables a viral, "bottom-up" adoption cycle that starts with an individual employee. After signing up for free on the website or downloading our free app to submit expenses and realizing the benefits of using Expensify, our enthusiastic members champion our platform internally, spreading it via word-of-mouth to other employees and convincing decision makers to adopt Expensify company-wide.
- ***Word-of-mouth adoption supported by a market consensus approach.*** We believe that our happy members are the best form of marketing. We strive to build a superior platform that makes the lives of employees and admins easier so that they become our champions and promote us to other individuals and organizations. We deploy large scale brand advertising to build on this platform superiority and help create market consensus that Expensify is the category leader for expense management software.
- ***Unique company culture and long-term vision.*** Our platform strategy and business model are complemented by our unique company culture and intense focus on the long-term happiness of our employees.

We believe that these elements of our approach are hard to replicate, self-reinforcing and work together to drive a powerful competitive advantage.



33. In addition, in discussing the Company's business model, the Offering Documents

stated, in relevant part:

Our platform strategy enables a viral “bottom-up” business model that is capital efficient and extremely scalable. The adoption of Expensify within an organization often starts with the individual employee, who downloads our mobile application or signs up on our website for free and uses it to easily submit expenses to their manager with a few taps. After the employee realizes the benefits of our platform, they become a champion of Expensify and often spread it internally to other employees. With multiple employees using Expensify and valuable features simplifying the manager's job, the decision maker purchases a subscription to Expensify and becomes a paying customer with a few members.

We offer simple, transparent and flexible subscription plans for both individuals and businesses that are completely self-service and payable by credit card. In the quarter ended June 30, 2021, 95% of our revenue came from recurring, automated monthly payments made via credit cards. We designed our pricing plans to facilitate the easy adoption of our platform by the smallest mom-and-pop stores to the largest and most complex organizations.

We believe that our happy members are the best form of marketing, and our self-service, bottom-up approach takes advantage of strong, organic word-of-mouth adoption. We support this powerful word-of-mouth marketing with large-scale brand advertising to build market consensus that Expensify is the software of choice for expense management.

We believe that our frictionless, viral and bottom-up business model and word-of-mouth adoption allows us to not rely on traditional outbound marketing efforts that are costly and often ineffective. As a result, we can dedicate our energy and resources on strengthening our brand, improving our features and making it easier for more people to adopt Expensify.

34. Further, in discussing the Company's competitive strengths, the Offering

Documents stated, in relevant part:

We believe our platform strategy, business model and culture provide us with competitive strengths that will allow us to maintain our position as a category leader for expense management and extend our leadership to improving other back-office functions.

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- **Hyper-focus on an improved experience for our members.** Since our inception, our principal goal has been to offer a single, intuitive and powerful platform with features designed for the actual end users of expense management software: everyday employees.
- **Viral, bottom-up business model.** We leverage an efficient, self-service business model driven by the viral, bottom-up adoption of our platform by employees.
- **Recognized market consensus and efficient word-of-mouth.** Our members drive the adoption and expansion of Expensify within organizations, and our platform and business model are intensely focused on improving their everyday experience.
- **Employee-centric legal structure and database design.** Our platform is built on Bedrock, a proprietary and private distributed database that enables us to consolidate all members into a single database and maintain a direct legal relationship with each of them, where they own all their underlying data and control their account status. This non-partitioned, employee-owned account design underpins our success with bottom-up adoption.
- **Nimble and extremely loyal team with a shared, long-term vision.** Our efficient business model allows us to prioritize our resources to attract, retain and inspire a vastly more talent-dense team than our competition. We have achieved impressive levels of retention, which provides the necessary corporate patience and ambition to execute a truly massive, long-term vision.

35. Finally, in discussing the Company's growth strategies, the Offering Documents stated, in relevant part:

We intend to drive the growth of our business by executing on the following strategies:

- ***Build new features that create additional value for existing members.*** Our word-of-mouth model works well because people genuinely enjoy using Expensify. We intend to continue to invest in building features that increase the value our software delivers to our existing members. Our flat, generalist and democratic structure cultivates a diversity of ideas from every single one of our employees, which enables an efficient, scalable and rigorous product development process. In the month of June 2021, 70% of our team was involved in material aspects of research and development. By efficiently investing in new features that prioritize the needs of our members, we can continue to retain existing members and attract new members via word-of-mouth;

- ***Build new features that attract new members beyond employees who submit expenses.*** We have and will continue to invest in developing features complementary and adjacent to expense management. At most companies, not every employee generates expenses that would be submitted via an expense report. As we add additional features that can be used by all employees rather than just those that submit expense reports, we have the potential to monetize the segment of our customers' employees that are not submitting expense reports on a monthly basis, and increase revenue without adding more customers or raising prices. These features will enable easy financial collaboration within communities and between friends and family;
- ***Build viral loops into our member experience that increase adoption by new customers.*** We design our expense management platform and every new feature with the aim of frictionless adoption. For the six months ended June 30, 2021, approximately 60% of our revenue was driven by bottom-up adoption: individual employees download the Expensify mobile app or sign up on our website, for free, and use it to submit their expenses to their bosses – turning every expense report into a highly targeted marketing message, straight to a decision maker. Outside of expense management, we have expanded our platform and built invoicing and bill payment features with the goal of replicating the frictionless adoption of our expense management feature. By sending an invoice using Expensify, accounts receivable departments naturally promote Expensify to their clients. A company that adopts Expensify bill payment tacitly promotes Expensify to all of their vendors: any one vendor that sends a manual invoice receives an email notifying them that their invoice was converted into an Expensify invoice, and they should sign in to collect payment online. We will continue to focus on the maintaining and extending the virality of our features to support our viral, bottom-up business model;
- ***Expand and monetize transaction volume from existing and new customers.*** We fully launched the Expensify Card in 2020 and, despite pullback in corporate expenses with the COVID-19 pandemic, customers have begun to adopt the card. We expect its adoption to continue to grow, especially as business travel is expected to return from the challenges caused by the COVID-19 pandemic. Going forward, we intend to increase the promotion of the Expensify Card to both new and existing customers to drive growth in adoption;

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- **Promote Expensify’s culture and values.** We believe that consumers are more likely to both use and recommend products from brands they admire. According to a proprietary research study conducted by Havas Group in 2019, 77% of consumers prefer to buy from companies who share their values. By consistently acting on and vocally promoting our values, we have the ability to both drive positive change and create brand awareness that can add to the virality of our platform. Our culture and values, including our adherence to Environmental, Social, and Governance (ESG) principles, will be shared in our company code of ethics and conduct and in future sustainability reporting;
- **Continue to strengthen our market consensus.** We have worked hard to establish and maintain Expensify as the dominant expense management platform for SMBs. We leverage a variety of targeted marketing strategies that involve industry conferences, industry influencers, partner marketing, our own conference and more to achieve market consensus that Expensify is the premier, industry standard expense management platform. This is essential to our viral and word-of-mouth business model. We plan to reinforce the market consensus surrounding our platform, as well as expand on these strategies across new feature verticals and markets;
- **Expand integrations and strengthen partnerships.** Expense management touches many functions across a company. To provide a seamless experience for our customers, we integrate with the accounting, ERP and travel software used by SMBs and their employees every day. We also have frictionless integrations with many of the technology providers that generate the most receipts for our members, such as Uber and Lyft. Through our *ExpensifyApproved!* Partner Program, we train and support accountants who then encourage their customers to use Expensify. We intend to continue to invest in both integrations and partnerships as they are critical to delivering best-in-class user experiences and ensuring that Expensify is deeply embedded within our customer base; and
- **Expand internationally.** For the year ended December 31, 2020 and six months ended June 30, 2021, we derived 10% and 11% of our revenue, respectively, from customers outside the United States, and we see significant opportunity to acquire new customers internationally. Because word-of-mouth drives significant adoption, we have experienced member growth outside of our core geographies without investment in marketing or regional sales forces. We have the opportunity to accelerate international growth by investing in marketing, developing a localized platform experience and expanding international partnership and integrations.

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36. The statements referenced in ¶¶ 31-35 were materially false and misleading because the Offering Documents were negligently prepared and, as a result, contained untrue statements of material fact or omitted to state other facts necessary to make the statements made not misleading and were not prepared in accordance with the rules and regulations governing their preparation. Specifically, the Offering Documents made false and/or misleading statements and/or failed to disclose that: (i) Expensify's revenue growth was highly susceptible to structural and macroeconomic headwinds; (ii) as a result, the Company overstated the efficacy of its business model and the likelihood it would meet the long-term growth projections touted in the Offering Documents; (iii) accordingly, the Company's post-IPO financial position and/or business prospects were overstated; and (iv) as a result, Defendants' statements about the Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

### **The Truth Emerges**

37. On June 12, 2023, Morgan Stanley downgraded Expensify to Underweight from Equal-weight, citing structural headwinds and the Company's risk-reward profile.

38. On this news, Expensify's stock price fell \$0.45 per share, or 6.28%, to close at \$6.72 per share on June 12, 2023.

39. Then, on August 8, 2023, Expensify issued a press release announcing its Q2 2023 financial and operating results. Among other items, Expensify reported GAAP EPS of -\$0.14, missing consensus estimate of -\$0.07. In addition, the press release stated, in relevant part:

#### **Second Quarter 2023 Highlights**

##### **Financial:**

- *Revenue was \$38.9 million, a decrease of 10% compared to the same period last year.*

- Utilized \$0.4 million cash in operating activities and generated \$1.1 million of free cash flow.
- *Net loss was \$11.3 million, compared to \$8.0 million for the same period last year.*
- Non-GAAP net loss was \$1.0 million.
- Adjusted EBITDA was \$2.2 million.
- Interchange derived from the Expensify Card grew to \$2.7 million, an increase of 56% compared to the same period last year.

(Emphasis added).

40. That same day, Expensify hosted an earnings call with investors and analysts to discuss the Company's Q2 2023 results (the "Q2 2023 Earnings Call"). During the Q&A portion of the Q2 2023 Earnings Call, when asked whether the Company intended to reaffirm its previously issued long-term 25%-35% revenue guidance, Expensify's Chief Operating Officer Anu Muralidharan responded, in relevant part:

[ . . . ] I'll say this for a few quarters now, since the day we went public really, we have not been in sort of normal or stable economic conditions.

And for a few quarters now, we keep reaffirming that long-term guidance, and we keep getting questions all around and they're fair, when will this long-term guidance actually be true since we haven't been close to the long-term guidance in terms of growth.

So we actually took all of your feedback and removed it because we just don't know what we don't know. We haven't been in stable condition since 2020 with this or that or the other. Like first there was a pandemic, then there was concerns of the global recession, then there was a global recession. There still is, like I'm fuzzy on the details, but very chaotic.

So we've removed it and then once we sort of hit stability again, we will be able to reaffirm it, but we don't want to keep giving you outdated long-term guidance, if you will. So that's the reason we took it away.

41. Following Expensify's disclosures, JMP downgraded the Company to Market Perform from Market Outperform.

42. On this news, Expensify's stock price fell \$1.69 per share, or 28.55%, to close at \$4.23 per share on August 9, 2023.

43. Finally, after the market closed on November 7, 2023, Expensify issued a press release announcing Q3 2023 financial and operating results. The press release stated, in relevant part:

Financial:

- ***Revenue was \$36.5 million, a decrease of 14% compared to the same period last year.***
- The Company utilized \$5.1 million cash in operating activities.
- Free cash flow was \$(7.1) million.
- ***Net loss was \$17.0 million, compared to \$8.2 million for the same period last year.***
- ***Non-GAAP net loss was \$6.7 million.***
- Adjusted EBITDA was \$(3.5) million.
- Interchange derived from the Expensify Card grew to \$3.1 million, an increase of 65% compared to the same period last year.
- Immediately following the end of the current quarter, the Company deployed \$36.0 million of available cash to further reduce outstanding debt by paying off its term loan in full.

(Emphasis added).

44. On this news, Expensify's stock price fell \$1.07 per share, or 36.89%, to close at \$1.83 per share on November 8, 2023.

45. As of the time this Complaint was filed, Expensify's securities continue to trade below the \$27 per share Offering price, damaging investors.

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

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## **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

47. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than Defendants who purchased or otherwise acquired Expensify securities in its IPO or purchased Expensify securities thereafter in the stock market pursuant and/or traceable to the Offering Documents issued in connection with the IPO and were damaged thereby. Excluded from the Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which the officers and directors of the Company have or had a controlling interest.

48. The members of the Class are so numerous that joinder of all members is impracticable. Since the IPO, the Company's securities have actively traded on NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Expensify or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

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

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



51. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudication with respect to individual members of the Class that would establish incompatible standards of conduct for the party opposing the Class.

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

- (a) Whether the Securities Act was violated by Defendants as alleged herein;
- (b) Whether Defendants omitted and/or misrepresented material facts;
- (c) Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) Whether Defendants knew or recklessly disregarded that their statements were false and misleading;
- (e) Whether the price of Expensify securities were artificially inflated; and
- (f) The extent of damage sustained by Class members and the appropriate measure of damages.

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

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## COUNT I

### **(Violations of Section 11 of the Securities Act Against All Defendants)**

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

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

56. The Offering Documents issued in connection with the IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

57. Expensify is the registrant for the IPO. Defendants named herein were responsible for the contents and dissemination of the Offering Documents.

58. As issuer of the shares, Expensify is strictly liable to Plaintiff and the Class for the misstatements and omissions.

59. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Offering Documents were true and without omissions of any material facts and were not misleading.

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

61. Plaintiff acquired Expensify shares pursuant and/or traceable to the Offering Documents issued in connection with the IPO.

62. Plaintiff and the Class have sustained damages. The value of Expensify securities has declined substantially subsequent to and due to Defendants' violations.

## **COUNT II**

### **(Violations of Section 15 of the Securities Act Against the Individual Defendants)**

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

64. This Count is asserted against the Individual Defendants and is based upon Section 15 of the Securities Act.

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

66. The Individual Defendants' positions made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiff and the Class.

67. By virtue of the conduct alleged herein, the Individual Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.