1	KESSLER TOPAZ MELTZER	LABATON SUCHAROW LLP		
2	& CHECK, LLP Jennifer L. Joost (Bar No. 296164)	James W. Johnson (admitted pro hac vice) Michael H. Rogers (admitted pro hac vice) Irina Vasilchenko (admitted pro hac vice) Robert S. Rowley (admitted pro hac vice) 140 Broadway New York, NY 10005 Tel: (212) 907-0700 Fax: (212) 818-0477 jjohnson@labaton.com mrogers@labaton.com ivasilchenko@labaton.com		
3	One Sansome Street, Suite 1850 San Francisco, CA 94104			
4	Tel: (415) 400-3000 Fax: (415) 400-3001			
5	jjoost@ktmc.com			
6	Liaison Counsel for the Proposed Class			
7		rrowley@labaton.com		
8		Counsel for Lead Plaintiff and Lead Counsel for the Proposed Class		
9		ES DISTRICT COURT		
0		RICT OF CALIFORNIA CISCO DIVISION		
1				
12	RICHARD R. WESTON, Individually and on Behalf of All Others Similarly Situated,	Case No. 3:22-cv-00824-WHO		
4	Plaintiff,			
15	v.			
16 17	DOCUSIGN, INC., DANIEL D. SPRINGER, MICHAEL J. SHERIDAN, CYNTHIA GAYLOR, and LOREN ALHADEFF,			
8	Defendants.			
9	BENJAMIN LAPIN, derivatively on behalf of DOCUSIGN, INC.,	Case No.: 3:22-cv-02980-WHO		
20	Plaintiff,			
21	v.			
22	DANIEL D. SPRINGER, ENRIQUE			
23	SALEM, PETER SOLVIK, INHI CHO SUH, MARY AGNES WILDEROTTER,			
24	TERESA BRIGGS, BLAKE J. IRVING, JAMES BEER, CAIN A. HAYES,			
25	CYNTHIA GAYLOR, MICHAEL J. SHERIDAN, and LOREN ALHADEFF,			
26 27	Defendants.			
.	and			



Case 3:22-cv-00824-WHO Document 59 Filed 07/08/22 Page 2 of 171

1	DOCUSIGN, INC., a Delaware Corporation,	
2	Nominal Defendant.	
3 4	PETER VOTTO, derivatively on behalf of DOCUSIGN INC.,	Case No.: Case No. 4:22-cv-02987-WHO
5	Plaintiff,	AMENDED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE
6	v.	FEDERAL SECURITIES LAWS
7 8	DANIEL SPRINGER, MICHAEL SHERIDAN, CYNTHIA GAYLOR, SCOTT OLRICH, ENRIQUE S ALEM,	CLASS ACTION
9	PETER SOLVIK, INHI CHO SUH, MARY AGNES WILDEROTTER, TERESA BRIGGS, BLAKE IRVING,	DEMAND FOR JURY TRIAL
10	JAMES BEER, and CAIN HAYES,	
11	Defendants,	
12	DOCUSIGN, INC.,	
13	Nominal Defendant.	
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		



1			TABLE OF CONTENTS	
2	I.	NATU	JRE OF THE ACTION	2
3		A.	Overview of DocuSign's Business	3
4		В.	The COVID-19 Pandemic Creates Unprecedented Demand Growth for eSignature	4
567		C.	By the Summer of 2020, Defendants Are Aware of Alarming Internal Warning Signs That This Record-High Demand Is Temporary but Falsely Assure Investors That DocuSign's Growth Is Sustainable	5
8		D.	By Early 2021, Defendants Internally Know That Demand Issues Have Worsened but Continue to Falsely Reassure Investors That Demand Remains Sustainable	9
10 11		E.	Defendants' Knowledge of Increased Competition and DocuSign's Failing CLM Sales Further Undermines Their Affirmations of Sustainable Growth	11
12		F.	Defendants Continue to Publicly Deny Any Adverse Demand Trends in Late 2020 and Early 2021	12
13 14		G.	By the Summer of 2021, Defendants Are Well Aware That the Record-High Demand Generated During COVID-19 Was at an End	14
15 16		Н.	Analyst Reports Confirm That the Market Was Materially Misled by Defendants' Misrepresentations	
17		I.	The Relevant Truth Begins to Emerge in December 2021	16
18	II.	JURISDICTION AND VENUE		18
19	III.	PART	IES	19
20		A.	Lead Plaintiffs	19
21		В.	Defendants	20
22		C.	Relevant Third Parties	22
23	IV.	SUBS	TANTIVE ALLEGATIONS OF FRAUD	29
24		A.	Overview of DocuSign's Business	29
25			1. DocuSign Pioneers eSignature	29
26 27			2. DocuSign's Business Model Focuses on Growth over Profitability	30
28		B.	The COVID-19 Pandemic Forces a Massive Shift to a Remote Work Environment, Fueling Explosive Growth for DocuSign's	



Case 3:22-cv-00824-WHO Document 59 Filed 07/08/22 Page 4 of 171

1	C.	Unbeknownst to Investors, Defendants Are Aware of Numerous Internal Red Flags That DocuSign's Explosive Growth in Early	
2		2020 Due to the COVID-19 Pandemic Is Unsustainable	38
3		1. New Customers Inform DocuSign That Demand for DocuSign's eSignature Product Is Only Temporary Due to	
4		the COVID-19 Pandemic	38
5		(a) Internally, Customers Tell DocuSign by June 2020 That Their Need for DocuSign's Products Is for One-Off Uses	
6		Related to the Pandemic and That They Will Not Renew After the Pandemic Subsides	39
7		(b) Customers Refuse to Sign Long-Term Contracts	45
8		2. Defendants Predicate Their Early Class Period Statements	
9		Regarding Customer Retention on Outdated, Pre-COVID- 19 Information	48
10		3. While Aware of These Red Flags Showing That	
11		DocuSign's High Demand in Early 2020 Was Fleeting, Defendants Falsely Assure Investors That This COVID-19-	
12		Fueled Growth Is Sustainable	51
13	D.	As the COVID-19 Pandemic Recedes Beginning in Late 2020, Demand for DocuSign Begins to Decline, as Customers Previously	
14		Warned	55
15		1. In Late 2020, as Businesses Adapt to the COVID-19	
16		Pandemic and Vaccines Enter the Final Stages of Clinical Trials, Demand Wanes and Customers Reduce or Cancel Their DocuSign Subscriptions	55
17		 Increased Competition from Adobe Further Drives Down 	
18		Demand for eSignature	66
19		3. DocuSign Struggles to Sell CLM from the Outset of the	
20		Class Period, Further Undermining Defendants' Claims of Sustainable Growth	68
21		4. While Knowing That Demand Continued to Decline, Defendants Publicly Continue to Repeat Their False	
22		Narrative of Durable Growth in Late 2020 and Early 2021	73
23	E.	By the Summer of 2021, Defendants Are Well Aware That the Record Demand Generated During COVID Is at an End	70
24	Г.		70
25	F.	Despite Knowing of Alarming Internal Data to the Contrary, Defendants Continue to Publicly Deny Any Adverse Trends in Summer and Fall of 2021	81
26	G.		
27	d.	The Relevant Truth Regarding DocuSign's Unsustainable COVID- Fueled Growth Slowly Emerges	83
28			



Case 3:22-cv-00824-WHO Document 59 Filed 07/08/22 Page 5 of 171

1 2			1. DocuSign Reports the Second-Lowest Billings Growth in Company History, but Defendants Continue to Reassure Investors That Demand Remains Durable	83
3			2. Defendants Disclose a Second Consecutive Quarter of Disappointing Billings Growth, Which Declines Below Pre-COVID-19 Levels	86
5 6			3. The Relevant Truth Is Fully Revealed When DocuSign Releases Disappointing Growth for the Third Consecutive Quarter and Reduces Billings Guidance	88
7		Н.	Post-Class Period Developments	90
8	V.	DEFE	ENDANTS' FALSE AND MISLEADING STATEMENTS	91
9		A.	June 4, 2020 – Press Release and 1Q 2021 Earnings Call	91
10		В.	June 10, 2020 – William Blair Growth Stock Conference	96
11		C.	September 3, 2020 2Q 2021 Earnings Call	97
12		D.	September 9, 2020 – DA Davidson Software and Internet Conference	99
13 14		Е.	September 14, 2020 Deutsche Bank Virtual Technology Conference	100
15		F.	September 15, 2020 – Jefferies Software Virtual Conference	101
16		G.	December 3, 2020 – 3Q 2021 Earnings Call	102
17		Н.	January 11, 2021 – Needham Virtual Growth Conference	103
18		I.	March 1, 2021 – Morgan Stanley Technology, Media and Telecom Conference	104
19		J.	March 11, 2021 – 4Q 2021 Earnings Call	106
20		K.	March 24, 2021 – DocuSign Virtual Financial Analyst Day	108
21		L.	March 31, 2021 – Alhadeff Tweet	110
22		M.	June 3, 2021 – 1Q 2022 Earnings Call	110
2324		N.	June 10, 2021 – Robert W. Baird Global Consumer, Technology & Services Conference	111
25		O.	September 2, 2021 – 2Q 2022 Earnings Call	113
26		P.	September 8, 2021 - Wolfe Research Inaugural TMT Conference	115
27 28		Q.	December 2, 2021 - 3Q 2022 Earnings Call and First Partial Corrective Disclosure/Materialization of the Risk	115
	1			



DOCKET A L A R M

Explore Litigation Insights



Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time** alerts and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

