

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA TAMPA DIVISION
Civil Action No. 8:20-cv-00513-CEH-SPF**

	X	
	:	
TRAVIS TAAFFE	:	CLASS ACTION
	:	
Plaintiff,	:	
	:	
vs.	:	
	:	
ROBINHOOD MARKETS, INC., ROBINHOOD FINANCIAL LLC, and ROBINHOOD SECURITIES, LLC,	:	
	:	
Defendants.	:	
	:	
	X	

**PLAINTIFF’S EMERGENCY MOTION FOR TEMPORARY RESTRAINING
ORDER AND PRELIMINARY INJUNCTION AND INCORPORATED
MEMORANDUM OF LAW IN SUPPORT THEREOF**

Pursuant to Fed.R.Civ.P. Rules 23(d) and 65, Plaintiff Travis Taaffe, individually and on behalf of all other similarly situated (“Plaintiff” or “Taaffe”), by and through his undersigned counsel, respectfully moves this Court for issuance of an emergency temporary restraining order and preliminary injunction against Defendants Robinhood Financial, LLC (“Robinhood Financial”), Robinhood Securities, LLC (“Robinhood Securities”), and Robinhood Markets, Inc. (“Robinhood Markets”) (collectively, “Defendants” or “Robinhood”) that:

- (1) Enjoins Robinhood from sending any further misleading communications to prospective class members;

(2) Requires Robinhood to make each prospective class member aware of this lawsuit and to provide Plaintiff's counsel with contact information for each prospective class member including the email address of each prospective class member; and,

(3) Requires that any releases entered into by and between prospective class members and Robinhood since the filing of this lawsuit be voided, with prospective class members given the opportunity to affirm any release after being informed of this litigation and having an opportunity to consult with counsel.

In support hereof, Plaintiff submits the incorporated memorandum of law, and alleges as follows:

I. INTRODUCTION

On March 3, 2020, Robinhood announced publically that it was at fault for its system outages which prevented trading during the then-largest single-day point gain in all three major U.S. stock market indices (March 2, 2020). Plaintiff filed suit on March 4, 2020 on behalf of himself and the Class of others similarly situated against Defendants, seeking recovery of damages that were proximately caused by Defendants' failure to provide and maintain a suitable platform for its users.

Plaintiff has discovered that despite Defendants' clear awareness of this litigation – **or more likely due to the existence of this litigation** – Defendants sent misleading communications in the last approximately thirty-six hours to prospective class members in an effort to obtain a waiver of the claims brought in this case. Specifically, Defendants offered its users a “goodwill credit of \$75” in exchange for their signatures on a “DocuSign”

document. Unfortunately for the prospective class members, this DocuSign document includes a complete waiver of rights which is not identified or referred to in any way by Defendants to its users. Neither the instant class nor the fact that customers may have putative class claims is referenced in these communications. Defendants' correspondence to its users reads, in part, as follows:

Thanks so much for your patience as we evaluated the impact of the outage on your account. Based on our review, we're able to offer you a goodwill credit of \$75.00.

To accept this offer, please review and sign the agreement that will be sent to you from Robinhood via DocuSign, which includes reference to your incoming credit.

An example of this correspondence is attached to the Declaration of Class Member Jared Ward ("Ward's Declaration") attached hereto as **Exhibit 1**. As stated in Ward's Declaration, the acceptance document Robinhood provides to users contains a broad waiver of claims that class members have against Robinhood without providing notice of the class action's existence. This is a misleading attempt to secure a waiver after the filing of this lawsuit without class members fully understanding their rights.¹ Many users who sign on their phone via DocuSign may not even realize they are executing a release.

The undersigned counsel has received numerous phone calls and electronic communications from class members related to these misleading communications. See Declaration of Michael S. Taaffe attached as **Exhibit 2**. It is very clear from the volume and

¹ In addition to the proposed class members not being informed of the existence of this lawsuit in the communication seeking their waiver of all claims, Robinhood is also not agreeing to provide any programmatic relief sought by this lawsuit. Specifically, Robinhood is not offering to ensure that users are provided with a functioning trading platform moving forward or any assurance of further remuneration were the platform to suffer additional outages causing damage.

nature of these communications by class members to the undersigned that Robinhood's communications are misleading and that this Motion is thus necessary.

Defendants are attempting to mislead the putative class members into unknowingly waiving their rights to participate in the class action—whether they know it exists or not—in exchange for as little as a \$75 credit. Defendants' conduct must not be allowed to continue.

Neither the letter nor the release mentions this class action lawsuit.

Further, the compensation offered by Defendants is grossly inadequate. Class members have incurred significant monetary damages as a result of the Defendants' systems outage; many in the tens of thousands of dollars. However, Defendants have offered only \$75 to settle all of their claims. This \$75 offer appears to be a very intentional determination of remuneration by Robinhood, **as that is the amount of money that Robinhood charges its users to withdraw their funds from its platform.**

Unless Defendants' conduct is immediately enjoined by this Court, the putative class members will suffer severe and irreparable harm by way of unwittingly forfeiting their rights in exchange for inadequate compensation and no programmatic relief. Not only will putative class members suffer irreparable harm without the injunctive relief sought, but the injury is so imminent that notice and a hearing on the application for preliminary injunction is impractical, if not impossible. Accordingly, immediate injunctive relief should be granted by this Court to preserve the status quo.

II. BACKGROUND

As set forth in the Complaint, Robinhood is an online brokerage firm whose users place securities trades mainly through the firm's website and mobile application.

Furthermore, Robinhood permits many of its users to engage in the buying and selling of option contracts. However, on March 2, 2020, Robinhood's systems went down. This of course not only rendered Robinhood's trading platform and services inaccessible the entire day and through the next morning, but also specifically prevented users from buying or selling securities, which included but was not limited to an inability for customers to exercise options positions in their portfolios or buy or sell new option contracts or the premiums on already-owned options contracts. Moreover, during this outage, users were also unable connect with Robinhood customer service and therefore could not obtain information or support specific to their individual investment needs.

As pled in the Complaint, this resulted in particularized damages for Robinhood users. Unable to exercise their option contracts or trade them to capitalize on the market's recent historic gains and losses, Plaintiff and putative class members were forced to sit idly by while incurring preventable monetary losses. Many in-the-money (exercisable) option contracts expired unexercised and worthless, and those that did not expire worthless surely decreased in value from the many variables that impact the contract value, such as time-value and implied-volatility.

It is important to note that at the time of the outage Robinhood likely affected over 10 million unique users, all of whom likely suffered losses to some degree. *See* Maggie Fitzgerald, *Start-up Robinhood tops 10 million accounts even as industry follows in free-trading footsteps*, CNBC.COM (DEC. 4, 2019, 10:12 AM), <https://www.cnbc.com/2019/12/04/start-up-robinhood-tops-10-million-accounts-even-as-industry-follows-in-free-trading-footsteps.html>. As such, the number of putative class members for the instant case is

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