

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

TIMOTHY A. NORDEEN, and)
AARON KOLYSKO,)

Plaintiffs,)

-against-)

ROBINHOOD FINANCIAL LLC,)
ROBINHOOD SECURITIES, LLC,)
ROBINHOOD MARKETS, INC.,)

Defendants.)

Civil Docket No.: '21CV167 H BLM

CLASS ACTION
COMPLAINT

**Plaintiff Demands a
Trial by Jury**

NATURE OF THE ACTION

1. Robinhood is an online brokerage firm.
2. Robinhood purposefully, willfully, and knowingly removing the stock "GME" from its trading platform in the midst of an unprecedented stock rise, thereby deprived retail investors of the ability to invest in the open-market and manipulating the open-market.
3. Robinhood purposefully, willfully, and knowingly removing the stock "BB" from its trading platform in the midst of an unprecedented stock rise, thereby deprived retail investors of the ability to invest in the open-market and manipulating the open-market.
4. Robinhood purposefully, willfully, and knowingly removing the stock "AMC" from its trading platform in the midst of an unprecedented stock rise, thereby deprived retail investors of the ability to invest in the open-market and manipulating the open-market.
5. Robinhood purposefully, willfully, and knowingly removing the stock "NOK" from its trading platform in the midst of an unprecedented stock rise thereby deprived retail investors of the ability to invest in the open-market and manipulating the open-market.
6. Robinhood purposefully, willfully, and knowingly removing the stock "NAKD" from its trading platform in the midst of an unprecedented stock rise, thereby deprived retail investors of the ability to invest in the open-market and manipulating the open-market.

PARTIES

7. Plaintiff Aaron Kolysko was and is a citizen of the State of California.
8. Timothy A. Nordeen was and is a citizen of the State of California and lives in the County of San Diego
9. Defendant Robinhood Financial LLC is a Delaware corporation with its principal place of business at 85 Willow Road, Menlo Park, California 94025. It is a wholly-owned subsidiary of Robinhood Markets, Inc. Robinhood Financial LLC is registered as a broker-dealer with the U.S. Securities & Exchange Commission ("SEC"). Defendant Robinhood Financial LLC acts as an introducing broker and has a clearing arrangement with its affiliate, Defendant Robinhood Securities, LLC.
10. Defendant Robinhood Securities, LLC is a Delaware corporation with its principal place of business at 500 Colonial Center Parkway, Suite 100, Lake Mary, Florida 32746. It is a wholly-owned subsidiary of Defendant Robinhood Markets, Inc. Defendant Robinhood Securities, LLC is registered as a broker-dealer with the SEC. Defendant Robinhood Financial LLC acts as a clearing broker and clears trades introduced by its affiliate, Defendant Robinhood Financial.
11. Defendant Robinhood Markets, Inc. is a Delaware corporation with its principal place of business at 85 Willow Road, Menlo Park, California 94025. Defendant Robinhood Markets, Inc. is the corporate parent of Defendants Robinhood Financial LLC and Robinhood Securities, LLC. 7. The above-named corporate defendants herein referred to collectively as "Robinhood."

JURISDICTION AND VENUE

12. This Court has subject-matter jurisdiction over this action pursuant to 28 U.S.C. § 1332(d)(2). The aggregate claims of all members of the proposed class and subclass(es) are in excess of \$5 million, exclusive of interest and costs, and there are more than 100 putative class members. Many members of the proposed class are citizens of a state different from Defendant.
13. Pursuant to 28 U.S.C. § 1391, this Court is the proper venue for this action because a substantial part of the events, omissions, and acts giving rise to the claims herein occurred in this District where Robinhood, distributed, marketed, advertised, and sold the trading services which are the subject of the present complaint. Finally, venue is appropriate in this District pursuant to 28 USC § 1391(b)(2) because a substantial part of

the acts and omissions that gave rise to this Complaint occurred or emanated from this District.

14. This Court has personal jurisdiction over Robinhood because it is authorized to do business and does conduct business in California, and because it has specifically marketed, advertised, and made substantial sales in California, and has sufficient minimum contacts with this state and/or sufficiently avails itself of the markets of this state through its promotion, sales, and marketing within this state to render the exercise of jurisdiction by this Court permissible.

FACTUAL ALLEGATIONS

15. Robinhood is an online brokerage firm. Its customers place securities trades through the firm's website by using a web-based application (or "app"). Robinhood permits customers to purchase and sell securities, including futures contracts.
16. Robinhood has experienced significant growth as a relatively new online brokerage firm. In 2019, Robinhood raised \$323 million in funding at a \$7.6 billion valuation. The firm markets itself primarily to younger investors and claims over 10 million users of its trading app.
17. On or about March 23, 2016, Robinhood's official Twitter account stated: "Let the people trade." They have since disregarded their mantra and have blocked access for millions of its customers to trade particular securities.
18. On or around January 11, 2021, stocks in GameStop Corp. ("GME") began to rise.
19. At that time, Robinhood allowed retail investors to trade GME on the open market.
20. On or around January 11, 2021, stocks in Black Berry, LTD., ("BB") began to rise.
21. At that time, Robinhood allowed retail investors to trade BB on the open market.
22. On or around January 11, 2021, stocks in AMC Entertainment Holdings, Inc. ("AMC") began to rise.
23. At that time, Robinhood allowed retail investors to trade AMC on the open market.
24. On or around January 11, 2021, stocks in Nokia Oyj ("NOK") began to rise.

25. At that time, Robinhood allowed retail investors to trade NOK on the open market.
26. On or around January 11, 2021, stocks in Naked Brand Group, LTD.,("NAKD") began to rise.
27. At that time, Robinhood allowed retail investors to trade NAKD on the open market.
28. On or about January 27, 2021, Robinhood, in order to slow the growth of GME and deprived their customers of the ability to use their service, abruptly, purposefully, willfully, and knowingly pulled GME from their app. Meaning, retail investors could no longer buy or even search for GME on Robinhood's app.
29. On or about January 27, 2021, Robinhood, in order to slow the growth of BB and deprived their customers of the ability to use their service, abruptly, purposefully, willfully, and knowingly pulled BB from their app. Meaning, retail investors could no longer buy or even search for BB on Robinhood's app.
30. On or about January 27, 2021, Robinhood, in order to slow the growth of AMC and deprived their customers of the ability to use their service, abruptly, purposefully, willfully, and knowingly pulled AMC from their app. Meaning, retail investors could no longer buy or even search for AMC on Robinhood's app.
31. On or about January 27, 2021, Robinhood, in order to slow the growth of NOK and deprived their customers of the ability to use their service, abruptly, purposefully, willfully, and knowingly pulled NOK from their app. Meaning, retail investors could no longer buy or even search for NOK on Robinhood's app.
32. On or about January 27, 2021, Robinhood, in order to slow the growth of NAKD and deprived their customers of the ability to use their service, abruptly, purposefully, willfully, and knowingly pulled NAKD from their app. Meaning, retail investors could no longer buy or even search for NAKD on Robinhood's app.
33. Upon information and belief, Robinhood's actions were done purposefully and knowingly to manipulate the market for the benefit of people and financial intuitions who were not Robinhood's customers.
34. Since pulling the stock from their app, GME prices have gone up, depriving investors of potential gains.

35. Since pulling the stock from their app, BB prices have gone up, depriving investors of potential gains.
36. Since pulling the stock from their app, AMC prices have gone up, depriving investors of potential gains.
37. Since pulling the stock from their app, NOK prices have gone up, depriving investors of potential gains.
38. Since pulling the stock from their app, NAKD prices have gone up, depriving investors of potential gains.
39. Additionally, in the event GME goes down, Robinhood has deprived investors of "shorting" GME in the hopes the price drops.
40. Additionally, in the event BB goes down, Robinhood has deprived investors of "shorting" BB in the hopes the price drops.
41. Additionally, in the event AMC goes down, Robinhood has deprived investors of "shorting" AMC in the hopes the price drops.
42. Additionally, in the event NOK goes down, Robinhood has deprived investors of "shorting" NOK in the hopes the price drops.
43. Additionally, in the event NAKD goes down, Robinhood has deprived investors of "shorting" NAKD in the hopes the price drops.
44. Robinhood has completely blocked retailer investors from purchasing GME, BB, AMC, NOK, NAKD for no legitimate reason, thereby depriving retailer investors of the benefits of Robinhood's services.
45. The Financial Industry Regulatory Authority ("FINRA"), which governs brokers like Robinhood, espouses rule 5310 regarding "Best Execution and Interpositioning." Rule 5310.01 requires that Robinhood "must make every effort to execute a marketable customer order that it receives promptly and fully." By failing to respond at all to customers' placing timely trades—and outright blocking customers from trading security—Robinhood has breached these, among other, obligations and caused its customers substantial losses due solely to its own negligence and failure to maintain adequate infrastructure.

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