

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO. 21-2989-MDL-ALTONAGA/Torres**

In re:

**JANUARY 2021 SHORT SQUEEZE  
TRADING LITIGATION**

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This Document Relates to All Claims Included  
in the Robinhood and Other Broker Tranches

**CONSOLIDATED CLASS ACTION COMPLAINT**

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Plaintiffs Andrea Juncadella, Cody Hill, Edward Goodan, Jaime Rodriguez, Jonathan Cornwell, Joseph Daniluk, Mark Sanders, Patryk Krasowski, William Makeham, Sammy Gonzalez, Julie Moody, Erik Chavez, and Peter Jang (collectively, “Plaintiffs”), on behalf of themselves and all other similarly-situated customers and investors (the “Class”), bring this Consolidated Class Action Complaint against Defendants, Robinhood Markets, Inc., Robinhood Financial LLC, Robinhood Securities, LLC (collectively, “Robinhood”), and Apex Clearing Corporation (“Apex”), for negligence and breach of fiduciary duty, demanding a trial by jury.

### **INTRODUCTION**

1. Through Robinhood Market, Inc.’s Registration Statement for its upcoming Initial Public Offering (“IPO”), Robinhood continues to emphasize equal access to financial markets and claims, “Our founders deeply believe that everyone should have *access* to the financial system.” See Robinhood Markets, Inc., Form S-1 (“Robinhood S-1”), at 8 (July 1, 2021), as amended July 19, 2021 (emphasis added). This case is about the extreme divergence between that professed belief and how Robinhood actually runs its business.

2. On January 28, 2021, Robinhood and others took unprecedented action to render the financial system *inaccessible* to millions of customers and investors by deleting, at the push of a button, billions of dollars’ worth of demand for certain “hot stocks”—wiping away over 10 billion dollars (\$10,000,000,000) in “hot stock” market caps.

3. Leading up to January 28, 2021, Plaintiffs and the Class were aggressively recruited—through marketing and addictive user interfaces—to Robinhood’s platform for trading popular “hot stocks,” including the following symbols: GameStop Corporation (symbol: GME), BlackBerry Ltd. (symbol: BB), Nokia (symbol: NOK), AMC Entertainment Holdings, Inc. (symbol: AMC), AMC Networks, Inc. (symbol: AMCX), American Airlines Group, Inc. (symbol:

AAL), Bed Bath & Beyond, Inc. (symbol: BBBY), Castor Maritime Inc. (symbol: CTRM), Express, Inc. (symbol: EXPR), Koss Corporation (symbol: KOSS), Naked Brand Group Ltd. (symbol: NAKD), Sundial Growers, Inc. (symbol: SNDL), Tootsie Roll Industries, Inc. (symbol: TR), and Trivago NV (symbol: TRVG) (collectively, the “Suspended Stocks”).

4. Robinhood’s business model was designed to attract a demographic most likely to trade in “hot stocks” and boost order flow in “hot stocks,” which Robinhood knew were extremely volatile. Robinhood, in fact, monetized the order flows for such stocks, but as a true amateur among institutional brokers, failed to protect itself, the financial markets, and its customers from the systemic risks that came with fueling volatile trading. As described herein, Robinhood did not have appropriate cash reserves to meet the well-defined margin requirements to support the market activity that it was facilitating.

5. While Robinhood built its business to attract inexperienced, first-time traders, who focused on these “hot stocks,” it failed to sufficiently capitalize its business according to the rules designed to protect the market and traders from at-risk brokers that maintain high concentrations of volatile stocks.

6. Reporting on an interview of a former trading executive at TD Ameritrade, the *New York Times* wrote, “[Robinhood] w[as] trying to change the rules of the road without understanding how the road was paved and without any respect for the existing guard rails . . . [Robinhood] ended up creating risk for their customers and systemic risk for the market more broadly.”<sup>1</sup>

7. Although Robinhood is a startup of recent vintage, the nascent company has already paid all-time record-breaking penalties, including the *largest financial penalty ever*

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<sup>1</sup> Nathaniel Popper, Matt Phillips, Kate Kelly, and Tara Siegel Bernard, The Silicon Valley Start-Up that Caused Wall Street Chaos, NY. Times (Jan. 30, 2021), <https://www.nytimes.com/2021/01/30/business/robinhood-wall-street-gamestop.html>.

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