

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MATTHEW ELLISON, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

TUFIN SOFTWARE TECHNOLOGIES LTD.,
REUVEN KITOV, JACK WAKILEH,
REUVEN HARRISON, OHAD FINKELSTEIN,
EDOUARD CUKIERMAN, YAIR SHAMIR,
RONNI ZEHAVI, YUVAL SHACHAR, J.P.
MORGAN SECURITIES LLC, BARCLAYS
CAPITAL INC., JEFFERIES LLC,
OPPENHEIMER & CO. INC., ROBERT W.
BAIRD & CO. INCORPORATED, PIPER
JAFFRAY & CO., STIFEL, NICOLAUS &
COMPANY, INCORPORATED, WILLIAM
BLAIR & COMPANY, L.L.C., and D.A.
DAVIDSON & CO.,

Defendants.

Case No. _____

DEMAND FOR JURY TRIAL

**CLASS ACTION COMPLAINT FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS**

Plaintiff Matthew “Matt” Ellison (“Ellison” or “Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, alleges the following based upon personal knowledge, as to Plaintiff and Plaintiff’s own acts, and upon information and belief, as to all other matters, based on the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission (“SEC”) filings made by Tufin Software Technologies Ltd. (“Tufin” or the “Company”), analyst and media reports, and the Company’s press releases, among other sources. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE AND SUMMARY OF THE ACTION

1. On March 6, 2019, Tufin filed a registration statement with the SEC on Form F-1, which, after several amendments, was declared effective on April 10, 2019 (the Form F-1, together with all amendments, is referred to herein as the “April Registration Statement”). Thereafter, on April 11, 2019, Tufin filed a prospectus for its initial public offering (the “IPO”) on Form 424B4, which incorporated and formed part of the April Registration Statement (the “April Prospectus” and collectively, with the April Registration Statement, the “IPO Offering Documents”), issuing 7,700,000 ordinary shares to the investing public at \$14.00 per share (the “IPO Price”), for anticipated gross proceeds of \$107,800,000.

2. On December 2, 2019, the Company filed a second registration statement with the SEC on Form F-1, which was declared effective on December 5, 2019 (the “December Registration Statement”). Thereafter, on December 5, 2019, Tufin filed a prospectus for its secondary offering (the “SPO”) on Form 424B4, which incorporated and formed part of the December Registration Statement (the “December Prospectus” and collectively, with the December Registration Statement, “SPO Offering Documents”), issuing an additional 4,279,882 ordinary shares to the investing public at \$17.00 per share (the “SPO Price”), for anticipated gross proceeds of \$72,757,994.

3. The IPO and SPO Offering Documents (together, the “Offering Documents”) that Tufin and the other Defendants (defined below) used to ultimately secure over \$180 million, combined, in net proceeds from investors, however, contained misleading statements in that, among other things: (i) Tufin’s customer relationships and growth metrics were overstated, particularly with respect to North America; (ii) Tufin’s business was deteriorating, primarily in North America; and (iii) as a result, Tufin’s representations regarding its sustainable financial prospects were overly optimistic.

4. On January 8, 2020, after the market closed, Tufin released its preliminary fourth quarter financial results for 2019 and announced significantly lowered financial expectations, specifically: (i) it expected to report total revenue in the range of \$29.5 million to \$30.1 million, lowered from its previous guidance of total revenue in the range of \$34.0 million to \$38.0 million; and (ii) it now anticipated non-Generally Accepted Accounting Principles (“GAAP”) operating loss in the range of \$1.1 million to \$2.6 million, compared to the previous guidance of non-GAAP operating profit in the range of \$0.0 million to \$3.0 million. The primary reason given for the revenue shortfall was Tufin’s “inability to close a number of transactions, primarily in North America, that [the Company] anticipated would close but did not close by the end of the quarter.”

5. Following this news, Tufin’s stock fell 24%, or \$4.14 per share, and its market capitalization declined nearly \$145 million.

6. This securities class action is brought on behalf of Plaintiff and all other persons or entities, except for Defendants, who purchased stock in the Company’s April 2019 IPO and/or December 2019 SPO pursuant and/or traceable to the misleading Offering Documents. Plaintiff brings this class action under §§11, 12(a)(2), and 15 of the Securities Act of 1933 (the “Securities Act”) against: (i) Tufin; (ii) certain of the Company’s senior executives, directors, and agents who signed the Offering Documents; and (iii) each of the investment banks that acted as underwriters for the Offering (collectively, “Defendants”). The Securities Act protects investors and the capital markets of the United States by preventing companies and underwriters from issuing shares to investors by means of incomplete and inaccurate offering documents.

7. Plaintiff alleges that the Offering Documents contained materially incorrect or misleading statements and/or omitted material information that was required by law to be disclosed. Defendants are each strictly liable for such misstatements and omissions therefrom

(subject only, in the case of the Individual and Underwriter Defendants (both defined below), to their ability to establish a “due diligence” affirmative defense and are so liable in their capacities as signers of the Offering Documents, control persons, and/or as issuers, statutory sellers, offerors, and/or underwriters of the shares sold pursuant to the IPO and SPO (together, the “Offerings”). Plaintiff expressly disclaims any allegations that could be construed as alleging fraud or intentional or reckless misconduct.

JURISDICTION AND VENUE

8. The claims asserted herein arise under and are pursuant to §§11, 12(a)(2), and 15 of the Securities Act.

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

10. Venue is proper in this District pursuant to 28 U.S.C. §1391(b) and §22(a) of the Securities Act (15 U.S.C. §77v(a)) as the alleged misstatements entered and subsequent damages took place within this judicial district. Further, Defendants’ false and misleading statements and omissions were disseminated in this District and Tufin’s common stock is listed on the New York Stock Exchange (“NYSE”), a national securities exchange, that is located in this District.

11. In connection with the acts, conduct, and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the U.S. mail, interstate telephone communications, and facilities of the national securities exchange.

PARTIES

A. Plaintiff

12. Plaintiff Ellison purchased Tufin common stock pursuant or traceable to the Offering Documents and was damaged thereby.

B. Defendants

i. Tufin

13. Defendant Tufin is an Israeli company that develops, markets, and sells software and cloud-based security solutions primarily in the United States, Europe, and Asia. Tufin's common stock trades on the NYSE under the ticker symbol "TUFN."

ii. The Individual Defendants

14. At all relevant times, Defendant Reuven Kitov ("Kitov"), who co-founded the Company, served as Tufin's Chief Executive Officer ("CEO") and Chairman of the Board of Directors (the "Board"). Defendant Kitov signed, or authorized the signing of, both the IPO and SPO Offering Documents.

15. At all relevant times, Defendant Jack Wakileh ("Wakileh") served as Tufin's Chief Financial Officer ("CFO"). Defendant Wakileh signed, or authorized the signing of, both the IPO and SPO Offering Documents.

16. At all relevant times, Defendant Reuven Harrison ("Harrison"), who co-founded the Company, served as Tufin's Chief Technology Officer and as a director on the Board. Defendant Harrison signed, or authorized the signing of, both the IPO and SPO Offering Documents.

17. At all relevant times, Defendant Ohad Finkelstein ("Finkelstein") served as a director on the Board. Defendant Finkelstein signed, or authorized the signing of, both the IPO and SPO Offering Documents.

18. At all relevant times, Defendant Edouard Cukierman ("Cuikerman") served as a director on the Board. Defendant Cukierman signed, or authorized the signing of, both the IPO and SPO Offering Documents.

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