

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

RICHARD LAWRENCE,

Plaintiff,

v.

CASTLIGHT HEALTH, INC., MAEVE
O'MEARA, BRYAN ROBERTS, DAVID B.
SINGER, DAVID EBERSMAN, SETH
COHEN, ED PARK, MICHAEL
EBERHARD, KENNY VAN ZANT, and
JUDITH K. VERHAVE,

Defendants,

Civil Action No. _____

**COMPLAINT FOR VIOLATIONS
OF THE SECURITIES EXCHANGE
ACT OF 1934**

JURY TRIAL DEMAND

Plaintiff Richard Lawrence (“Plaintiff”) alleges the following upon information and belief, including investigation of counsel and review of publicly available information, except as to those allegations pertaining to Plaintiff, which are alleged upon personal knowledge:

NATURE OF THE ACTION

1. Plaintiff brings this action against Castlight Health, Inc. (“Castlight” or the “Company”) and Castlight’s Board of Directors (the “Board” or the “Individual Defendants”) for their violations of Sections 14(d)(4), 14(e) and 20(a) of the Securities Exchange Act of 1934, 15.U.S.C. §§ 78n(a), 78n(d)(4), 78n(e), 78t(a), and SEC Rule 14d-9, 17 C.F.R. § 240.14d-9, arising out of the Board’s attempt to sell the Company to Vera Whole Health, Inc. through its wholly-owned subsidiary Carbon Merger Sub, Inc. (collectively “Vera”).

2. Defendants have violated the above-referenced Sections of the Exchange Act by causing a materially incomplete and misleading solicitation statement (the “14D-9”) to be filed with the Securities and Exchange Commission (“SEC”) on January 19, 2022. The 14D-9 recommends that Castlight stockholders tender their shares in favor of a proposed transaction (the

“Proposed Transaction”) whereby Castlight is acquired by Vera. The Proposed Transaction was first disclosed on January 5, 2022, when Castlight and Vera announced that they had entered into a definitive merger agreement (the “Merger Agreement”) pursuant to which Vera will acquire all of the outstanding shares of common stock of Castlight for \$2.05 per share (the “Merger Consideration”). The deal is valued at approximately \$370 million and is expected to close in the first quarter of 2022.

3. The 14D-9 is materially incomplete and contains misleading representations and information in violation of Sections 14(e) and 20(a) of the Exchange Act. Specifically, the 14D-9 contains materially incomplete and misleading information concerning the sales process, specifically, the Company’s negotiations and agreements entered into with Anthem, Inc. (“Anthem”), financial projections prepared by Castlight management, and potential conflicts of interest concerning Company insiders and William Blair & Company, L.L.C. (“William Blair”), Castlight’s financial advisor.

4. For these reasons, and as set forth in detail herein, Plaintiff seeks to enjoin Defendants from taking any steps to consummate the Proposed Transaction, including filing any amendment to the 14D-9, unless and until the material information discussed below is included in any such amendment or otherwise disseminated to Castlight’s stockholders. In the event the Proposed Transaction is consummated without the material omissions referenced below being remedied, Plaintiff seeks to recover damages resulting from the Defendants’ violations.

PARTIES

5. Plaintiff is, and has been at all relevant times, the owner of shares of common stock of Castlight.

6. Defendant Castlight is a corporation organized and existing under the laws of the

State of Delaware. The Company's principal executive offices are located at 150 Spear Street, Suite 400, San Francisco, California 94105. Castlight common stock trades on the New York Stock Exchange under the ticker symbol "CSLT."

7. Defendant Maeve O'Meara has been CEO and a director of the Company since 2019.

8. Defendant Bryan Roberts co-founded Castlight in 2008, has served as a director of the Company since 2008 and has served as Chairman of the Company since 2010.

9. Defendant David B. Singer has served as a director of the Company since 2010.

10. Defendant David Ebersman has served as a director of the Company since 2011.

11. Defendant Seth Cohen has served as a director of the Company since 2018.

12. Defendant Ed Park has served as a director of the Company since 2014.

13. Defendant Michael Eberhard has served as a director of the Company since 2016.

14. Defendant Kenny Van Zant has served as a director of the Company since 2016.

15. Defendant Judith K. Verhave has served as a director of the Company since 2018.

16. Nonparty Vera is a corporation organized and existing under the laws of the State of Delaware. Vera's principal executive offices are located at 1511 6th Ave, Ste 260, Seattle, Washington, 98101.

17. Nonparty Carbon Merger Sub, Inc. is a Delaware corporation and is a wholly owned subsidiary of Vera.

JURISDICTION AND VENUE

18. This Court has subject matter jurisdiction pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331 (federal question jurisdiction) as Plaintiff alleges violations of Section 14(e) and 20(a) of the Exchange Act.

19. Personal jurisdiction exists over each Defendant either because the Defendant conducts business in or maintains operations in this District, or is an individual who is either present in this District for jurisdictional purposes or has sufficient minimum contacts with this District as to render the exercise of jurisdiction over Defendant by this Court permissible under traditional notions of fair play and substantial justice.

20. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, as well as under 28 U.S.C. § 1391, because a significant amount of the conduct at issue took place and had an effect in this District

FURTHER SUBSTANTIVE ALLEGATIONS

A. Background of the Company and the Proposed Transaction

21. Castlight is a provider of a digital healthcare navigation platform with a team of clinical and benefits experts to help members connect and engage with the right health programs and care. Castlight partners with Fortune 500 companies and health plans to transform employee and member benefits into a comprehensive health and wellbeing experience.

22. On January 4, 2022, the Company entered into the Merger Agreement with Vera.

23. According to the press release issued on January 5, 2022 announcing the Proposed Transaction:

Castlight Health and Vera Whole Health to Combine to Pioneer and Scale Value-Based Care in Commercial Market

Combined company will integrate Castlight's market-leading navigation technology with Vera's best in class advanced primary care model to expand access to care, reduce healthcare costs, and improve outcomes

Clayton, Dubilier & Rice funds to invest in new enterprise; former Aetna Chairman and CEO Ron Williams to be Chairman of combined company

Wednesday, January 5, 2022, San Francisco and Seattle - Castlight Health, Inc. ("Castlight") (NYSE: CSLT), a leading healthcare data and navigation company, and Vera Whole Health, Inc. ("Vera"), a pioneer in advanced primary care, today

jointly announced an agreement under which the companies will combine. The combined company will integrate Castlight's market-leading technology with Vera's purpose-built clinics, health care professionals and strategic partnerships with local providers, with the potential to transform how patients access and engage with care, how providers deliver care, and how employers and other purchasers pay for care.

The transaction, which has been unanimously approved by Castlight's Board of Directors, is valued at an equity value of approximately \$370 million and will be structured as an all cash tender offer to acquire all outstanding shares of Castlight. Under the terms of the agreement, Vera will commence a tender offer to acquire all outstanding shares of Castlight Class A common stock and Class B common stock for \$2.05 in cash per share, representing a 25% premium to the closing price as of January 4th, 2022, and a 35% premium to the 30-day volume weighted average share price. Clayton, Dubilier & Rice ("CD&R") funds, Vera's majority equity holder, have committed to invest up to \$338 million to support the combination, and Anthem, Inc. ("Anthem"), a leading health company and long-time strategic customer of Castlight, will make an investment in the combined company.

"We believe the combined company has a unique opportunity to deliver large scale innovation to the commercial customer segment and accelerate the restructuring of the healthcare market to a stronger focus on value," said Ron Williams, Chairman of Vera and Operating Advisor to CD&R funds.

"Integrating our navigation data and technology with Vera's high quality primary care offering addresses the fundamental need for a coordinated and personalized patient experience, while enabling providers to improve outcomes and lower costs and employers to participate in full risk sharing for the first time," said Maeve O'Meara, Chief Executive Officer of Castlight. "We are thrilled to work with Vera and CD&R to open this new frontier of healthcare."

"Equipping our advanced primary care teams and our patients with Castlight's industry leading digital navigation and engagement capabilities enhances our ability to reduce total cost of care while improving the social, mental and physical health of our patients," said Ryan Schmid, Founder and Chief Executive Officer of Vera. "Personalizing care plans and engagement campaigns while providing our care teams and patients with quality and cost data will greatly enhance the patient journey and our ability to manage commercial populations."

"We believe this is a milestone for the healthcare system because of the way it merges benefits and care navigation, including digital touchpoints, into a patient's primary care relationship," said Ravi Sachdev, CD&R Partner, and member of Vera's Board of Directors. "We believe a combination of these two innovative companies will transform care in local markets across the country."

Bryony Winn, President of Anthem Health Solutions added, "We are excited at the

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