

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RYAN MCCORMACK, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

DINGDONG (CAYMAN) LTD., CHANGLIN
LIANG, LE YU, YI DING, ERIC CHI ZHANG,
WEILI HONG, PHILIP WAI LAP LEUNG,
COLLEEN A. DE VRIES, MORGAN
STANLEY & CO. LLC, BOFA SECURITIES,
INC., CREDIT SUISSE SECURITIES (USA)
LLC, MISSION CAPITAL MANAGEMENT
LIMITED, HSBC SECURITIES (USA) INC.,
FUTU INC., TIGER BROKERS (NZ) LIMITED,
and COGENCY GLOBAL INC.,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE SECURITIES
ACT OF 1933**

JURY TRIAL DEMANDED

Plaintiff Ryan McCormack (“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 by Dingdong (Cayman) Ltd. (“Dingdong” or the “Company”), articles, and other publications, including media and analyst reports about the Company and Company press releases. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.

NATURE AND SUMMARY OF THE ACTION

1. Plaintiff brings this securities class action on behalf of persons who purchased, or otherwise acquired, Dingdong American Depository Shares (“ADS”) pursuant or traceable to the F-1 registration statements (including all amendments made thereto) and related prospectus on

Form 424B4 (collectively, the “Registration Statement” or “Offering Documents”) issued in connection with Dingdong’s June 2021 initial public stock offering (the “IPO” or the “Offering”).

2. This action asserts non-fraud, strict liability claims under §§11, 12, and 15 of the Securities Act of 1933 (the “Securities Act”), against Dingdong, certain Dingdong officers and directors, the underwriters of the IPO, and Dingdong’s U.S. representatives (collectively, the “Defendants”).

3. Dingdong purports to be a leading and the fastest growing on-demand e-commerce company in China. Dingdong conducted its IPO in New York, and its ADS are listed on the New York Stock Exchange (“NYSE”) under the ticker symbol “DDL.”

4. In June 2021, as part of Dingdong’s IPO, Defendants issued approximately 4.07 million ADS to the investing public at \$23.50 per ADS, all pursuant to the Registration Statement.

5. According to the Registration Statement, Dingdong’s mission is to “make fresh groceries as available as running water to every household.” To achieve this end, Dingdong has purportedly “embraced a user-centric philosophy” that is committed to “directly providing users and households . . . *fresh* produce, meat and seafood and other daily necessities through a convenient and *excellent* shopping experience supported by an *extensive self-operated* frontline fulfillment grid.” [Emphasis added.] Critically, Dingdong differentiates itself from its competitors by claiming to “procure . . . products primarily from direct upstream sources such as farms and cooperatives,” “*apply stringent quality control across [its] entire supply chain to ensure product quality to [its] users,*” and rely on its “frontline fulfillment grid and robust, digitalized fulfillment capabilities . . . [to] deliver . . . orders within 30 minutes.” [Emphasis added.] Indeed, at the time of the IPO, they were these very capabilities that the Offering Documents cited as the reasons why

Dingdong achieved “significant scale in [the] industry,” and observed a “strong and active user base” that saw “increasing engagement and stickiness.”

6. Unbeknownst to prospective investors, however, the Registration Statement misrepresented Dingdong’s commitment to ensuring the safety and quality of the food it distributes to the market. In fact, Dingdong was *actively* flouting its food safety responsibilities, selling, for example, dead fish to customers while marketing it as live fish and recycling vegetables that were past their sell-by date. In other words, Dingdong was no better at providing or assuring access to “fresh” groceries than the supermarkets, traditional Chinese wet markets, or traditional e-commerce platforms it repeatedly claimed to be displacing. The foregoing conduct subjected Dingdong to an increased risk of regulatory and/or governmental scrutiny and enforcement, all of which, once revealed, were likely to (and did) negatively impact Dingdong’s business, operations, and reputation. By omitted these facts, Plaintiff and other ADS purchasers were unable to adequately assess the value of the shares offered in connection with the IPO, and thus purchased their ADS without material information and to their detriment.

7. With these material omissions and misrepresentations in the Registration Statement, Defendants went forward with the IPO, raising *nearly \$95.7 million* in gross proceeds.

8. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities that results as investors learned of Defendants’ wrongdoing, Plaintiff and other Class members have suffered tens of millions of dollars in damages.

JURISDICTION AND VENUE

9. The claims asserted herein arise under and pursuant to §§11, 12, and 15 of the Securities Act, 15 U.S.C. §§77k, 77l(a)(2), and 77o.

10. This Court has jurisdiction over this action pursuant to §22 of the Securities Act, 15 U.S.C. §77v, and 28 U.S.C. §1331.

11. Venue is properly laid in this District pursuant to §22 of the Securities Act and 28 U.S.C. §1391(b). Many of the acts and transactions that constitute violations of law complained of herein, including the dissemination to the public of untrue statements of material facts, occurred in this District. Dingdong's ADS are listed on the NYSE, a national securities exchange, located in this District.

12. 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.

THE PARTIES

Plaintiff

13. As set forth in the attached Certification, Plaintiff purchased the Company's ADS that were issued pursuant and traceable to the Registration Statement and IPO, and was damaged thereby.

Defendants

A. Dingdong

14. Defendant Dingdong is a China-based "fresh" grocery e-commerce company. Dingdong conducted its IPO in New York, and its ADS are listed on the NYSE under the ticker symbol "DDL."

B. The Individual Defendants

15. Defendant Changlin Liang ("Liang") serves, and has served at all relevant times, as a director on Dingdong's Board of Directors (the "Board"), Founder, and Dingdong's Chief

Executive Officer. Defendant Liang reviewed, contributed to, and signed, or caused the signing of, the Offering Documents.

16. Defendant Le Yu (“Yu”) serves, and has served at all relevant times, as a director on Dingdong’s Board and as Dingdong’s Chief Strategy Officer. Defendant Yu reviewed, contributed to, and signed, or caused the signing of, the Offering Documents.

17. Yi Ding (“Ding”) serves, and has served at all relevant times, as a director on Dingdong’s Board and as Dingdong’s Vice President. Defendant Ding reviewed, contributed to, and signed, or caused the signing of, the Offering Documents.

18. Eric Chi Zhang (“Zhang”) serves, and has served at all relevant times, as a director on Dingdong’s Board. Defendant Zhang reviewed, contributed to, and signed, or caused the signing of, the Offering Documents.

19. Defendant Weili Hong (“Hong”) serves as a director on Dingdong’s Board, having accepted an appointment effective upon the SEC’s declaration of the effectiveness of Dingdong’s Registration Statement. Defendant Hong reviewed and contributed to the Offering Documents.

20. Defendant Philip Wai Lap Leung (“Leung”) serves as a director on Dingdong’s Board, having accepted an appointment effective upon the SEC’s declaration of the effectiveness of Dingdong’s Registration Statement. Defendant Leung reviewed and contributed to the Offering Documents.

21. Defendant Colleen A. De Vries (“De Vries”) served as Senior Vice President of Defendant Cogency Global Inc. (“Cogency Global”), the designated U.S. representative of Defendant Dingdong, and reviewed, contributed to, signed, or caused the signing of, the Offering Documents.

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