UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

PHILLIP R. CRUTCHFIELD, Individually and On Behalf of All Others Similarly Situated,

Plaintiff,

v.

MATCH GROUP, INC., AMANDA W. GINSBERG, and GARY SWIDLER,

Defendants.

Case No.: 3:19-cv-02356

SECOND AMENDED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

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TABLE OF CONTENTS

I. NATURE OF THE ACTION 1

II. JURISDICTION AND VENUE 5

III. PARTIES 6

IV. NON-PARTY CONFIDENTIAL WITNESSES 7

V. SUBSTANTIVE ALLEGATIONS 12

A. Match's Business & Operations 12

B. Match's Strong and Growing Revenues Were Driven By Widespread Undisclosed Misconduct 15

1. Undisclosed Facts and Risks Concerning Fraudulent Accountholders 16

a. Undisclosed Facts and Risks Due to Scammers 16

b. Undisclosed Facts and Risks Due to Bots 28

c. Undisclosed Facts and Risks Due to Sex Offenders and Felons 30

2. Undisclosed Facts and Risks Concerning Match's Use of Communications from Fraudulent Accounts to Generate Deceptive Marketing, Sell Subscriptions, And Increase Its User Base 35

3. Undisclosed Facts and Risks Concerning Match's Use of Deceptive Guarantees and Confusing Billing and Cancellation Practices to Maintain Its Improperly Inflated User Base 37

a. Undisclosed Facts and Risks Concerning Match's Use of Deceptive Guarantees 38

b. Undisclosed Facts and Risks Concerning Match's Improper Billing and Cancellation Practices 39

4. Undisclosed Facts and Risks Concerning Match's Retaliation Against Its Employees Who Tried To Protect Members 45

C. Materially False and Misleading Statements Issued During the Period 46

1. The Membership Integrity Fraud 46

2. The Reported Results Fraud 120

D. PARTIAL CORRECTIVE DISCLOSURES INCREMENTALLY REVEALED THE FRAUDS 124

E. POST-CLASS PERIOD FACTS UNDERSCORE ONGOING RISKS FOR MATCH FROM THE UNDERLYING MISCONDUCT AT ISSUE 129

F. ADDITIONAL FACTS PROBATIVE OF SCIENTER 130

1. Defendants Ginsberg's and Swidler's Knowledge or Reckless Disregard of Red Flags Demonstrates Scienter 130

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2. Defendants Ginsberg's and Swidler's Suspicious, Widespread Insider Trading During the Class Period Evidences Scienter 137

3. Defendants Ginsberg And Swidler Failed To Disclose One SEC Investigation And Two FTC Investigations While Insider Trading 143

4. Suspicious Resignations, Including By Defendant Ginsberg, Evidence Scienter 144

5. The Fraud Implicated Core Operations 146

6. Defendants Ginsberg and Swidler Signed, Were Quoted In, or Sox Certified the Alleged Misstatements 147

7. The Fraud And Retaliation Against Employees Violated Match's Corporate Code of Business Conduct and Ethics 148

VI. NO SAFE HARBOR 150

VII. LOSS CAUSATION/ECONOMIC LOSS 151

VIII. PRESUMPTION OF RELIANCE 152

IX. PLAINTIFFS' CLASS ACTION ALLEGATIONS 153

X. CLAIMS FOR RELIEF 155

COUNT I 155

COUNT II 159

XI. PRAYER FOR RELIEF 160

XII. DEMAND FOR TRIAL BY JURY 160

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Co-Lead Plaintiffs, Phillip R. Crutchfield and Samir Ali Cherif Benouis ("Plaintiffs"), individually and on behalf of all other persons similarly situated, by their undersigned attorneys, for their complaint against Defendants, allege the following based upon personal knowledge as to themselves and their own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through their attorneys, which included a review of Defendants' public statements and publicly available documents, conference calls and announcements, SEC filings, wire and press releases published by and regarding Match Group, Inc. ("Match Group" or "Match"), analysts' reports and advisories and other press coverage about Match, Match's stock chart, Match's corporate website, data obtained through news services such as Bloomberg and Yahoo! Finance, interviews with certain confidential witnesses ("CWs") who were former employees of Match and the brands it owns, information obtained through Freedom of Information Act requests, and information readily obtainable through publicly available sources and on the Internet. Plaintiffs believe that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. NATURE OF THE ACTION

1. This is a federal securities class action brought on behalf of a class consisting of all persons and entities who purchased or otherwise acquired the common stock of Match Group, Inc. (NASDAQ: MTCH) between November 6, 2018 and January 31, 2020, both dates inclusive ("Class Period"), seeking to pursue remedies against Match and certain of its officers and/or directors named as Defendants herein for violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Match Group operates a suite of dating and matchmaking websites and applications ("apps") accessed through computers and devices, including popular brands like Match.com,

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Tinder, PlentyofFish. It derives substantially all its revenues from payments by a portion of its registered members, those it can convert from a free or trial membership to a premium or paid membership, like Tinder Gold. To gauge its success, Match tracks financial and performance metrics that are publicly reported to analysts and investors, including its "paid member count" or "PMC", the conversion rate from unpaid to paid memberships, and the average revenue per user (or "ARPU"), in addition to more traditional reporting metrics like revenues and earnings.

3. Unbeknownst to investors, Match's websites and apps suffered from rampant levels of scammers, "bots," and other fraudulent accounts among its registered users, a "significant" percentage of whom paid premiums for access to enhanced features, both to avoid detection and as a prerequisite to accessing the features and functionalities necessary to carry out their scams. These nefarious actors sought to extract money or things of value from Match's legitimate customers. Worse, most of Match's brands also failed to screen for sex offenders and other dangerous users, leading to a high number being on those sites. These underlying, negative, undisclosed facts were described by numerous CWs, all former employees of Match Group or its branded websites and apps like Tinder and Match.com. They describe a 15% to 20% rate of fraudulent accounts on these Match websites/apps. They also describe how this percentage of fraudulent accounts, if stable, was simply assumed, such that company forecasts were not adjusted to exclude those accounts, even those that were paid subscriptions.

4. Investors also did not know the extent to which Match understaffed and impeded its own anti-fraud efforts. The CWs speak of small Fraud Department teams of just eight people tasked with manually identifying and making removal decisions on millions of potentially fraudulent accounts, in high volume and at high speed. The CWs described how the company failed to implement touted technological anti-fraud measures and how cost concerns dictated that

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