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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Plaintiff,

v.

MAPLEBEAR INC. d/b/a INSTACART, FIDJI SIMO, NICK GIOVANNI, ALAN RAMSAY, APOORVA MEHTA, JEFFREY JORDAN, MEREDITH KOPIT LEVIEN, BARRY MCCARTHY, MICHAEL MORITZ, LILY SARAFAN, FRANK SLOOTMAN, and DANIEL SUNDHEIM,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Andy _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange

1 Commission (“SEC”) filings, wire and press releases published by and regarding Maplebear Inc. d/b/a
2 Instacart (“Instacart” or the “Company”), analysts’ reports and advisories about the Company, and
3 information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary
4 support will exist for the allegations set forth herein after a reasonable opportunity for discovery.
5

6 **NATURE OF THE ACTION**

7 1. This is a federal securities class action on behalf of a class consisting of all persons and
8 entities other than Defendants that purchased or otherwise acquired: (a) Instacart common stock pursuant
9 and/or traceable to the Offering Documents (defined below) issued in connection with the Company’s
10 initial public offering conducted on or about September 19, 2023 (the “IPO” or “Offering”); and/or (b)
11 Instacart securities between September 19, 2023 and October 1, 2023, both dates inclusive (the “Class
12 Period”). Plaintiff pursues claims against the Defendants under the Securities Act of 1933 (the “Securities
13 Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”).
14

15 2. Instacart provides online grocery shopping services to households in North America. The
16 Company sells and delivers a range of products in the food, alcohol, consumer health, pet care, and ready-
17 made meals categories, in addition to others. The Company offers its services through a mobile
18 application and website, while also providing software-as-a-service solutions to retailers.
19

20 3. On August 25, 2023, Instacart filed a registration statement on Form S-1 with the SEC in
21 connection with the IPO, which, after several amendments, was declared effective by the SEC on
22 September 18, 2023 (the “Registration Statement”).
23

24 4. On September 19, 2023, pursuant to the Registration Statement, Instacart’s common stock
25 began publicly trading on the Nasdaq Global Select Market (“NASDAQ”) under the ticker symbol
26 “CART”.
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1 5. On September 20, 2023, Instacart filed a prospectus on Form 424B4 with the SEC in
2 connection with the IPO, which incorporated and formed part of the Registration Statement (the
3 “Prospectus” and, collectively with the Registration Statement, the “Offering Documents”).

4
5 6. Pursuant to the Offering Documents, Instacart and other selling stockholders identified in
6 the Prospectus sold 14.1 million and 7.9 million shares of the Company’s common stock to the public,
7 respectively, at the Offering price of \$30.00 per share for total proceeds of approximately \$400 million
8 and \$224 million to Instacart and the selling stockholders, respectively, after applicable underwriting
9 discounts and commissions.

10 7. The Offering Documents were negligently prepared and, as a result, contained untrue
11 statements of material fact or omitted to state other facts necessary to make the statements made not
12 misleading and were not prepared in accordance with the rules and regulations governing their
13 preparation. In addition, throughout the Class Period, Defendants made materially false and misleading
14 statements regarding the Company’s business, operations, and prospects. Specifically, the Offering
15 Documents and Defendants made false and/or misleading statements and/or failed to disclose that: (i)
16 Instacart had overstated the extent to which online grocery shopping and delivery habits among
17 consumers were accelerating; (ii) Instacart had downplayed the extent of the competition that it faced in
18 the online grocery shopping and delivery market; (iii) accordingly, Defendants overstated the Company’s
19 post-IPO growth, business, and financial prospects; and (iv) as a result, the Company’s public statements
20 were materially false and misleading at all relevant times.
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23 8. On September 22, 2023, *Reuters* published an article noting, among other things, that
24 Instacart’s stock price was falling after “lukewarm analyst reports” indicated that the Company would
25 struggle from heavy competition. For example, the article noted that “BTIG analyst Jake Fuller gave
26 Instacart a ‘neutral’ rating and warned that the company faces heavy competition from DoorDash
27 (DASH.N) and Uber Technologies (UBER.N) in the slowly expanding market of grocery delivery.”
28

1 9. On this news, Instacart’s stock price fell \$0.65 per share, or 2.12%, to close at \$30.00 per
2 share on September 22, 2023.

3 10. Then, on October 2, 2023, investment research firm Gordon Haskett initiated coverage of
4 Instacart with a “hold” rating, stating that it “ha[s] doubts that online grocery delivery adoption will
5 continue to materially increase at a time when consumers are becoming increasingly cautious about
6 spending”, while similarly citing the competitive environment in the online grocery shopping and
7 delivery market as a headwind to the Company’s business.

8 11. On this news, Instacart’s stock price fell \$2.73 per share, or 9.2%, to close at \$26.96 per
9 share on October 2, 2023.

10 12. As of the time this Complaint was filed, Instacart’s common stock continues to trade
11 below the \$30.00 per share Offering price, damaging investors.

12 13. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the
13 market value of Instacart’s securities, Plaintiff and other Class members have suffered significant losses
14 and damages.

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18 **JURISDICTION AND VENUE**

19 14. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the Securities
20 Act (15 U.S.C. §§ 77k and 77o), and Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b)
21 and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

22 15. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §
23 1331, Section 22 of the Securities Act (15 U.S.C. § 77v), and Section 27 of the Exchange Act (15 U.S.C.
24 § 78aa).

25 16. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15
26 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Instacart is headquartered in this Judicial District, Defendants
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1 conduct business in this Judicial District, and a significant portion of Defendants’ activities took place
2 within this Judicial District.

3 17. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly,
4 used the means and instrumentalities of interstate commerce, including, but not limited to, the mails,
5 interstate telephone communications, and the facilities of the national securities markets.
6

7 **PARTIES**

8 18. Plaintiff, as set forth in the attached Certification, acquired Instacart common stock
9 pursuant and/or traceable to the Offering Documents issued in connection with the IPO, and suffered
10 damages as a result of the federal securities law violations and false and/or misleading statements and/or
11 material omissions alleged herein.
12

13 19. Defendant Instacart is a Delaware corporation with principal executive offices located at
14 50 Beale Street, Suite 600, San Francisco, California 94105. The Company’s common stock trades in an
15 efficient market on the NASDAQ under the trading symbol “CART”.
16

17 20. Defendant Fidji Simo (“Simo”) has served as Instacart’s Chief Executive Officer and a
18 Director of the Company at all relevant times. Defendant Simo has also served as the Chairperson of the
19 Company’s Board of Directors since September 2023. Defendant Simo signed or authorized the signing
20 of the Registration Statement filed with the SEC.
21

22 21. Defendant Simo possessed the power and authority to control the contents of Instacart’s
23 SEC filings, press releases, and other market communications. Defendant Simo was provided with copies
24 of Instacart’s SEC filings and press releases alleged herein to be misleading prior to or shortly after their
25 issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected.
26 Because of her positions with Instacart, and her access to material information available to her but not to
27 the public, Defendant Simo knew that the adverse facts specified herein had not been disclosed to and
28 were being concealed from the public, and that the positive representations being made were then

1 materially false and misleading. Defendant Simo is liable for the false statements and omissions pleaded
2 herein.

3 22. Defendants Instacart and Simo are sometimes referred to herein collectively as the
4 “Exchange Act Defendants”.
5

6 23. Defendant Nick Giovanni (“Giovanni”) has served as Instacart’s Chief Financial Officer
7 at all relevant times. Defendant Giovanni signed or authorized the signing of the Registration Statement
8 filed with the SEC.

9 24. Defendant Alan Ramsay (“Ramsay”) has served as Instacart’s Chief Accounting Officer
10 at all relevant times. Defendant Ramsay signed or authorized the signing of the Registration Statement
11 filed with the SEC.
12

13 25. Defendant Apoorva Mehta (“Mehta”) is Instacart’s Co-Founder and served as Instacart’s
14 Chairperson until immediately prior to the effectiveness of the Registration Statement. Defendant Mehta
15 signed or authorized the signing of the Registration Statement filed with the SEC.

16 26. Defendant Jeffrey Jordan (“Jordan”) has served as a Director of Instacart at all relevant
17 times. Defendant Jordan signed or authorized the signing of the Registration Statement filed with the
18 SEC.
19

20 27. Defendant Meredith Kopit Levien (“Levien”) has served as a Director of Instacart at all
21 relevant times. Defendant Levien signed or authorized the signing of the Registration Statement filed
22 with the SEC.
23

24 28. Defendant Barry McCarthy (“McCarthy”) has served as a Director of Instacart at all
25 relevant times. Defendant McCarthy signed or authorized the signing of the Registration Statement filed
26 with the SEC.
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1 29. Defendant Michael Moritz (“Moritz”) has served as a Director of Instacart at all relevant
2 times. Defendant Moritz signed or authorized the signing of the Registration Statement filed with the
3 SEC.

4 30. Defendant Lily Sarafan (“Sarafan”) has served as a Director of Instacart at all relevant
5 times. Defendant Sarafan signed or authorized the signing of the Registration Statement filed with the
6 SEC.

7 31. Defendant Frank Sloodman (“Sloodman”) has served as a Director of Instacart at all
8 relevant times. Defendant Sloodman signed or authorized the signing of the Registration Statement filed
9 with the SEC.
10

11 32. Defendant Daniel Sundheim (“Sundheim”) has served as a Director of Instacart at all
12 relevant times. Defendant Sundheim signed or authorized the signing of the Registration Statement filed
13 with the SEC.
14

15 33. Defendants Simo, Giovanni, Ramsay, Mehta, Jordan, Levien, McCarthy, Moritz, Sarafan,
16 Sloodman, and Sundheim are sometimes referred to herein collectively as the “Individual Defendants”.

17 34. As directors, executive officers, and/or major shareholders of the Company, the Individual
18 Defendants participated in the solicitation and sale of Instacart securities in the IPO for their own benefit
19 and the benefit of Instacart. The Individual Defendants were key members of the IPO working group and
20 executives of Instacart who pitched investors to purchase the shares sold in the IPO, including in IPO
21 road shows.
22

23 35. Instacart and the Individual Defendants are sometimes referred to herein collectively as
24 “Defendants”.
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1 **SUBSTANTIVE ALLEGATIONS**

2 **Background**

3 36. Instacart provides online grocery shopping services to households in North America. The
4 Company sells and delivers a range of products in the food, alcohol, consumer health, pet care, and ready-
5 made meals categories, in addition to others. The Company offers its services through a mobile
6 application and website, while also providing software-as-a-service solutions to retailers.

7
8 37. On August 25, 2023, Instacart filed the Registration Statement on Form S-1 with the SEC
9 in connection with the IPO, which, after several amendments, was declared effective by the SEC on
10 September 18, 2023.

11
12 38. On September 19, 2023, pursuant to the Registration Statement, Instacart’s common stock
13 began publicly trading on the NASDAQ under the ticker symbol “CART”.

14 39. On September 20, 2023, Instacart filed the Prospectus on Form 424B4 with the SEC in
15 connection with the IPO, which incorporated and formed part of the Registration Statement.

16 40. Pursuant to the Offering Documents, Instacart and other selling stockholders identified in
17 the Prospectus sold 14.1 million and 7.9 million shares of the Company’s common stock to the public,
18 respectively, at the Offering price of \$30.00 per share for total proceeds of approximately \$400 million
19 and \$224 million to Instacart and the selling stockholders, respectively, after applicable underwriting
20 discounts and commissions.
21

22 **Materially False and Misleading Statements Issued in the Offering Documents**

23
24 41. The Offering Documents contained a letter from Defendant Simo (the “IPO Letter”),
25 which indicated to investors that online grocery orders and attendant deliveries were an accelerating,
26 ongoing trend that Instacart was uniquely positioned to capitalize on, stating, in relevant part:

27 **As I write this, a massive digital transformation is underway in the grocery industry.**
28 Grocery is the largest retail category and represents a \$1.1 trillion industry in the United

1 States alone. But only 12% of grocery sales are made online today.[] As even more people
2 shop online, online penetration could double or more over time.[]

3 This shift is being driven, in large part, by consumer expectations growing more diverse
4 and complex. We might be able to wait a couple of hours for our weekly shop but need
5 popcorn in 30 minutes for an impromptu family movie night. Sometimes we want to buy
6 groceries on our phones and sometimes in the store. We want grocers to understand our
7 tastes and preferences and offer us a seamless, personalized experience everywhere.

8 * * *

9 With the business of grocery changing so quickly, many retailers need a trusted partner to
10 help them navigate this digital transformation so that they can drive success both online
11 and in-store and serve their customers better — in all of the ways they choose to shop. It's
12 especially important because their competitors — from established tech platforms to new
13 startup disruptors — are trying to lure customers away from traditional grocers. If the
14 neighborhood grocer who has been serving their community for decades can't find an edge,
15 they may not be able to keep up.

16 That's where we come in.

17 (Emphasis in original.)

18 42. With further respect to the purported shift in consumer preferences to purchase groceries
19 online and have them delivered, the Offering Documents stated, in relevant part:

20 In 2022, only 12% of U.S. grocery shopping took place online Over the past three
21 years, this spend shifted from offline to online at an accelerated pace. Online grocery
22 penetration took 10 years to triple from 1% of total grocery sales in 2009[] to 3% in 2019
23 and just three years to quadruple to 12% in 2022.[] Market penetration could double or
24 more over time.[]

25 For grocery retailers, this means that online success is critical, and all grocers from large
26 national players to local mainstays must prepare for a future where all aspects of their
27 business, including their stores, will be improved through technology Grocery retail
28 is characterized by diverse consumer behaviors, complex inventory management and
fulfillment, lack of integrated omni-channel data, a shortage of technology that is custom-
built for online grocery, a disaggregated supply chain, and a low operating margin. Before
Instacart, grocery retailers did not have access to a unified technology solution to manage
eCommerce, fulfillment, in-store, ads and marketing, and insights. Instacart is solving this
problem.

43. Indeed, the Offering Documents represented that “[s]atisfied customers will continue to
order on Instacart”, that “[l]ower fees make ordering online more appealing for customers, resulting in a

1 higher frequency of usage”, and that “[w]e will continue to help retail partners capture new customers as
2 consumer behaviors and preferences shift.”

3 44. The IPO Letter also downplayed Instacart’s competition in the online grocery shopping
4 and delivery market, representing that Instacart “now deliver[s] the best consumer online grocery
5 experience anywhere” and that retail partners, “by partnering with Instacart, . . . can have the same
6 technology edge as tech giants and startups[.]”
7

8 45. The IPO Letter further downplayed Instacart’s competition by stating, in relevant part:

9 Today, Instacart partners with more than 1,400 national, regional, and local retail banners
10 across more than 80,000 stores that represent more than 85% of the U.S. grocery
11 industry.[] Millions of households depend on us and our partners for their grocery needs.[]
12 We power tens of billions of dollars in annual sales for retailers,[] which makes Instacart
13 the leading grocery technology company in North America.[] Our GTV [gross transaction
14 value], representing the online sales we power for all of our retail partners, grew at a
15 compound annual growth rate of 80% between 2018 and 2022, compared to 50% for the
overall online grocery market and 1% for offline grocery.[] We have demonstrated our
ability to help our retail partners drive strong growth and stay competitive in a complex
and increasingly digital industry.

16 46. Moreover, in discussing Instacart’s purported “strengths” that differentiated it from its
17 competitors, the Offering Documents stated, *inter alia*, that “more than 1,400 national, regional, and local
18 retail banners[] that collectively represent more than 85% of the U.S. grocery industry partner with
19 Instacart”, which “[w]e believe . . . represents the broadest selection of grocers on a marketplace in North
20 America, providing customers with a superior online grocery shopping experience”; that “[b]ecause we
21 do not own inventory, we do not compete with our retail partners”, which “[w]e believe . . . puts us in a
22 unique position to foster greater trust between grocers and Instacart, making us the preferred technology
23 partner”; that “[w]hen brands advertise with us, they can reach their target audience more efficiently and
24 at greater scale than is possible through other online channels”; that Instacart “help[s] retailers serve all
25 use cases of grocery, unlike other players that tend to focus on serving a particular use case”; that,
26 “[b]ecause we serve this breadth of use cases, we are a better partner to retailers by helping them address
27
28

1 consumer needs and drive engagement and a better partner to brands by creating more diverse and
2 actionable advertising opportunities”; and that “[w]ith our unique customer data and insights, we provide
3 differentiated analytics for brands”; all of which further served to downplay the Company’s competition
4 in the online grocery shopping and delivery market.

5
6 47. Notwithstanding the foregoing, the Offering Documents contained generic, boilerplate
7 risk warnings that purported to warn investors about risks related to Instacart’s competition that “may”
8 occur under various potential circumstances, stating, *inter alia*:

9
10 ***The markets in which we participate are highly and increasingly competitive, with well-***
11 ***capitalized and better-known competitors, some of which are also partners. If we are***
12 ***unable to compete effectively, our business and financial prospects would be adversely***
13 ***impacted.***

14 * * *

15 [W]hile we work to expand further in the United States and Canada and potentially enter
16 international markets, and introduce new offerings across a range of industries, ***many of***
17 ***our competitors remain focused on a limited number of products or on a narrow***
18 ***geographic scope***, allowing them to develop specialized expertise and employ resources
19 in a more targeted manner than we do. As we and our competitors introduce new offerings,
20 and as existing offerings evolve, we expect to become subject to additional competition. ***If***
21 ***we are unable to offer comparable or superior offerings, our business may be adversely***
22 ***affected. In addition, our competitors may adopt certain of our features, or may adopt***
23 ***innovations that consumers value more highly than ours, which would render our offerings***
24 ***less attractive or reduce our ability to differentiate our offerings.***

25 Many of our competitors are well-capitalized and are able to offer discounted or free
26 services, shopper incentives, consumer discounts and promotions, innovative products and
27 offerings, and alternative pricing models, which ***may*** be more attractive to consumers,
28 retailers, brands, or shoppers than those that we offer. In addition, we ***may*** not be able to
effectively compete with service offerings from vertically integrated competitors, such as
Amazon or Drizly, which control both the brick-and-mortar retailer and online fulfillment
technology. Certain brick-and-mortar retailers that have their own digital offering, such as
Walmart, also have significant size, scale, geographic, and shopper base advantages, which
may allow them to grow online GTV or capture increasing share of the online grocery
market more effectively and at a faster rate than us. Competitors ***may*** also offer fulfillment
options from our retail partners, despite having no formal engagement with such retailers.
Further, some of our current or potential competitors have, and ***may*** in the future continue
to have, greater resources and access to larger consumer and shopper bases in a particular
geographic area. In addition, our competitors in certain geographies enjoy substantial
competitive advantages, such as greater brand recognition, longer operating histories,

1 larger marketing budgets, better localized knowledge, and/or fewer regulatory challenges.
2 Smaller competitors *may* be more nimble at anticipating and meeting changing market
3 dynamics. As a result, such competitors *may* be able to respond more quickly and
4 effectively than us in such markets to new or changing opportunities, technologies,
5 consumer preferences, regulations, or standards, which *may* render our offerings less
6 attractive.

7 * * *

8 For all of these reasons, we *may* not be able to compete successfully against our current
9 and future competitors. Our inability to compete effectively would have an adverse effect
10 on our ability to acquire new customers, retailers, and brand partners or increase the
11 engagement of our existing customers, retailers, and brand partners, or would otherwise
12 harm our business, financial condition, and results of operations.

13 (First emphasis in original.) Plainly, the foregoing risk warnings were generic, catch-all provisions that
14 were not tailored to Instacart’s actual known risks regarding its competition in the online grocery
15 shopping and delivery market. Moreover, these risks were simultaneously downplayed by the Offering
16 Documents’ assertion in these same risk warnings that Instacart’s competitors only focus on a “limited
17 number of products” or a “narrow geographic scope”.

18 48. The statements referenced in ¶¶ 41-47 were materially false and misleading because the
19 Offering Documents were negligently prepared and, as a result, contained untrue statements of material
20 fact or omitted to state other facts necessary to make the statements made not misleading and were not
21 prepared in accordance with the rules and regulations governing their preparation. Specifically, the
22 Offering Documents made false and/or misleading statements and/or failed to disclose that: (i) Instacart
23 had overstated the extent to which online grocery shopping and delivery habits among consumers were
24 accelerating; (ii) Instacart had downplayed the extent of the competition that it faced in the online grocery
25 shopping and delivery market; (iii) accordingly, Defendants overstated the Company’s post-IPO growth,
26 business, and financial prospects; and (iv) as a result, the Offering Documents were materially false
27 and/or misleading and failed to state information required to be stated therein.

1 **Materially False and Misleading Statements Issued During the Class Period**

2 49. The Class Period begins on September 19, 2023, when Instacart’s common stock began
3 publicly trading on the NASDAQ pursuant to the materially false or misleading statements or omissions
4 in the Offering Documents, as referenced in ¶¶ 41-47, *supra*.

5
6 50. Also on September 19, 2023, Instacart issued a press release, entitled “Stock Up Your
7 CART! A Letter from Instacart CEO Fidji Simo”, which contained the same statements as referenced in
8 ¶¶ 41 and 44-45, *supra*, wherein Defendant Simo indicated to investors that online grocery orders were
9 an accelerating, ongoing trend that Instacart was uniquely positioned to capitalize on, while downplaying
10 the Company’s competition in the online grocery shopping and delivery market.

11
12 51. The statements referenced in ¶¶ 49-50 were materially false and misleading because the
13 Exchange Act Defendants made false and/or misleading statements, as well as failed to disclose material
14 adverse facts about the Company’s business, operations, and prospects. Specifically, the Exchange Act
15 Defendants made false and/or misleading statements and/or failed to disclose that: (i) Instacart had
16 overstated the extent to which online grocery shopping and delivery habits among consumers were
17 accelerating; (ii) Instacart had downplayed the extent of the competition that it faced in the online grocery
18 shopping and delivery market; (iii) accordingly, Defendants overstated the Company’s post-IPO growth,
19 business, and financial prospects; and (iv) as a result, the Company’s public statements were materially
20 false and misleading at all relevant times.
21

22 **The Truth Emerges**

23
24 52. On September 22, 2023, *Reuters* published an article during intraday trading hours,
25 entitled “Arm and Instacart add to losses after lukewarm analyst reports”, stating, in relevant part:

26 Shares of . . . Instacart deepened their recent losses on Friday after analysts gave lukewarm
27 ratings to [Instacart] that recently held [a] highly anticipated initial public offering[].

28 * * *

1 Grocery delivery app Instacart (CART.O), formally known as Maplebear, fell 2.1% to
2 \$30.02, marginally above the \$30 price set in its IPO on Monday.

3 * * *

4 In a client note, BTIG analyst Jake Fuller gave Instacart a “neutral” rating and warned that
5 the company faces heavy competition from DoorDash (DASH.N) and Uber Technologies
6 (UBER.N) in the slowly expanding market of grocery delivery.

7 53. On this news, Instacart’s stock price fell \$0.65 per share, or 2.12%, to close at \$30.00 per
8 share on September 22, 2023.

9 54. Then, on October 2, 2023, investment research firm Gordon Haskett initiated coverage of
10 Instacart with a “hold” rating, citing decreased consumer spending and competition as headwinds to the
11 Company’s business. In an article entitled “Instacart Falls; Gordon Haskett Cites Headwinds for Hold
12 Rating”, *Bloomberg* reported, in relevant part:

13 Grocery-delivery giant Instacart falls as much as 7.9% Monday to its lowest level since
14 going public after Gordon Haskett initiated coverage of the stock with a hold rating and
15 \$31 price target, citing headwinds ahead.

16 The firm sees limited multiple expansion opportunity as Instacart’s margin projections —
17 which are slightly better than peers — won’t be enough to offset concerns in the industry[.]

18 We “have doubts that online grocery delivery adoption will continue to materially increase
19 at a time when consumers are becoming increasingly cautious about spending,” analyst
20 Robert Mollins wrote[.]

21 Says competitive encroachment is also a concern for Instacart

22 Sees potential risk of Instacart+ members leaving for programs that offer “more services
23 and better value”[.]

24 Says that there are too many risks and not enough catalysts to get investors excited about
25 Instacart[.]

26 55. On this news, Instacart’s stock price fell \$2.73 per share, or 9.2%, to close at \$26.96 per
27 share on October 2, 2023.

28 56. As of the time this Complaint was filed, Instacart’s common stock continues to trade
below the \$30.00 per share Offering price, damaging investors.

1 57. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the
2 market value of Instacart’s securities, Plaintiff and other Class members have suffered significant losses
3 and damages.

4
5 **SCIENTER ALLEGATIONS**

6 58. During the Class Period, the Exchange Act Defendants had both the motive and
7 opportunity to commit fraud. They also had actual knowledge of the misleading nature of the statements
8 they made, or acted in reckless disregard of the true information known to them at the time. In so doing,
9 the Exchange Act Defendants participated in a scheme to defraud and committed acts, practices, and
10 participated in a course of business that operated as a fraud or deceit on purchasers of the Company’s
11 securities during the Class Period.

12
13 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

14 59. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure
15 23(a) and (b)(3) on behalf of a class consisting of all persons and entities other than Defendants that
16 purchased or otherwise acquired: (a) Instacart common stock in the IPO or purchased Instacart common
17 stock thereafter in the stock market pursuant and/or traceable to the Company’s Offering Documents
18 issued in connection with the IPO; and/or (b) Instacart securities during the Class Period; and were
19 damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the
20 Company, at all relevant times, members of their immediate families and their legal representatives, heirs,
21 successors, or assigns, and any entity in which Defendants have or had a controlling interest.

22
23 60. The members of the Class are so numerous that joinder of all members is impracticable.
24 Throughout the Class Period, Instacart securities were actively traded on the NASDAQ. While the exact
25 number of Class members is unknown to Plaintiff at this time and can be ascertained only through
26 appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed
27 Class. Record owners and other members of the Class may be identified from records maintained by
28

1 Instacart or its transfer agent and may be notified of the pendency of this action by mail, using the form
2 of notice similar to that customarily used in securities class actions.

3 61. Plaintiff's claims are typical of the claims of the members of the Class as all members of
4 the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is
5 complained of herein.
6

7 62. Plaintiff will fairly and adequately protect the interests of the members of the Class and
8 has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests
9 antagonistic to or in conflict with those of the Class.
10

11 63. Common questions of law and fact exist as to all members of the Class and predominate
12 over any questions solely affecting individual members of the Class. Among the questions of law and
13 fact common to the Class are:

- 14 • whether the federal securities laws were violated by Defendants' acts as alleged
15 herein;
- 16 • whether statements made by Defendants to the investing public in the Offering
17 Documents for the IPO, or during the Class Period, misrepresented material facts
18 about the business, operations and management of Instacart;
- 19 • whether the Individual Defendants negligently prepared the Offering Documents
20 for the IPO and, as a result, the Offering Documents contained untrue statements
21 of material fact or omitted to state other facts necessary to make the statements
22 made not misleading, and were not prepared in accordance with the rules and
23 regulations governing their preparation;
- 24 • whether Defendant Simo caused Instacart to issue false and misleading financial
25 statements during the Class Period;
- 26 • whether certain Defendants acted knowingly or recklessly in issuing false and
27 misleading financial statements;
- 28 • whether the prices of Instacart securities during the Class Period were artificially
inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the
proper measure of damages.

1 64. A class action is superior to all other available methods for the fair and efficient
2 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
3 damages suffered by individual Class members may be relatively small, the expense and burden of
4 individual litigation make it impossible for members of the Class to individually redress the wrongs done
5 to them. There will be no difficulty in the management of this action as a class action.
6

7 65. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-
8 the-market doctrine in that:

- 9 • Defendants made public misrepresentations or failed to disclose material facts
10 during the Class Period;
- 11 • the omissions and misrepresentations were material;
- 12 • Instacart securities are traded in an efficient market;
- 13 • the Company's shares were liquid and traded with moderate to heavy volume
14 during the Class Period;
- 15 • the Company traded on the NASDAQ and was covered by multiple analysts;
- 16 • the misrepresentations and omissions alleged would tend to induce a reasonable
17 investor to misjudge the value of the Company's securities; and
- 18 • Plaintiff and members of the Class purchased, acquired and/or sold Instacart
19 securities between the time the Defendants failed to disclose or misrepresented
20 material facts and the time the true facts were disclosed, without knowledge of the
21 omitted or misrepresented facts.

22 66. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a
23 presumption of reliance upon the integrity of the market.

24 67. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of
25 reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*,
26 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period
27 statements in violation of a duty to disclose such information, as detailed above.
28

1 **COUNT I**

2 **(Violations of Section 11 of the Securities Act Against All Defendants)**

3 68. Plaintiff repeats and incorporates each and every allegation contained above as if fully set
4 forth herein, except any allegation of fraud, recklessness or intentional misconduct.

5
6 69. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on
7 behalf of the Class, against all Defendants.

8 70. The Offering Documents for the IPO were inaccurate and misleading, contained untrue
9 statements of material facts, omitted to state other facts necessary to make the statements made not
10 misleading, and omitted to state material facts required to be stated therein.

11 71. Instacart is the registrant for the IPO. Defendants were responsible for the contents and
12 dissemination of the Offering Documents.

13 72. As issuer of the shares, Instacart is strictly liable to Plaintiff and the Class for the
14 misstatements and omissions in the Offering Documents.

15 73. None of the Defendants made a reasonable investigation or possessed reasonable grounds
16 for the belief that the statements contained in the Offering Documents were true and without omissions
17 of any material facts and were not misleading.

18 74. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled a
19 person who violated, Section 11 of the Securities Act.

20 75. Plaintiff acquired Instacart shares pursuant and/or traceable to the Offering Documents for
21 the IPO.

22 76. Plaintiff and the Class have sustained damages. The value of Instacart securities has
23 declined substantially subsequent to and because of Defendants' violations.
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1 **COUNT II**

2 **(Violations of Section 15 of the Securities Act Against the Individual Defendants)**

3 77. Plaintiff repeats and incorporates each and every allegation contained above as if fully set
4 forth herein, except any allegation of fraud, recklessness or intentional misconduct.

5
6 78. This Count is asserted against the Individual Defendants and is based upon Section 15 of
7 the Securities Act, 15 U.S.C. § 77o.

8 79. The Individual Defendants, by virtue of their offices, directorship, and specific acts were,
9 at the time of the wrongs alleged herein and as set forth herein, controlling persons of Instacart within the
10 meaning of Section 15 of the Securities Act. The Individual Defendants had the power and influence and
11 exercised the same to cause Instacart to engage in the acts described herein.

12
13 80. The Individual Defendants' positions made them privy to and provided them with actual
14 knowledge of the material facts concealed from Plaintiff and the Class.

15 81. By virtue of the conduct alleged herein, the Individual Defendants are liable for the
16 aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

17
18 **COUNT III**

19 **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder
20 Against the Exchange Act Defendants)**

21 82. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set
22 forth herein.

23 83. This Count is asserted against the Exchange Act Defendants and is based upon Section
24 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

25 84. During the Class Period, the Exchange Act Defendants engaged in a plan, scheme,
26 conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts,
27 transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and
28

1 the other members of the Class; made various untrue statements of material facts and omitted to state
2 material facts necessary in order to make the statements made, in light of the circumstances under which
3 they were made, not misleading; and employed devices, schemes and artifices to defraud in connection
4 with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period,
5 did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii)
6 artificially inflate and maintain the market price of Instacart securities; and (iii) cause Plaintiff and other
7 members of the Class to purchase or otherwise acquire Instacart securities and options at artificially
8 inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the Exchange Act
9 Defendants, and each of them, took the actions set forth herein.
10

11
12 85. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
13 Exchange Act Defendants participated directly or indirectly in the preparation and/or issuance of the
14 quarterly and annual reports, SEC filings, press releases and other statements and documents described
15 above, including statements made to securities analysts and the media that were designed to influence the
16 market for Instacart securities. Such reports, filings, releases and statements were materially false and
17 misleading in that they failed to disclose material adverse information and misrepresented the truth about
18 Instacart's finances and business prospects.
19

20 86. By virtue of their positions at Instacart, the Exchange Act Defendants had actual
21 knowledge of the materially false and misleading statements and material omissions alleged herein and
22 intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, the
23 Exchange Act Defendants acted with reckless disregard for the truth in that they failed or refused to
24 ascertain and disclose such facts as would reveal the materially false and misleading nature of the
25 statements made, although such facts were readily available to the Exchange Act Defendants. Said acts
26 and omissions of the Exchange Act Defendants were committed willfully or with reckless disregard for
27
28

1 the truth. In addition, each of the Exchange Act Defendants knew or recklessly disregarded that material
2 facts were being misrepresented or omitted as described above.

3 87. Information showing that the Exchange Act Defendants acted knowingly or with reckless
4 disregard for the truth is peculiarly within the Exchange Act Defendants' knowledge and control. As the
5 senior manager and/or director of Instacart, Defendant Simo had knowledge of the details of Instacart's
6 internal affairs.
7

8 88. Defendant Simo is liable both directly and indirectly for the wrongs complained of herein.
9 Because of her positions of control and authority, Defendant Simo was able to and did, directly or
10 indirectly, control the content of the statements of Instacart. As an officer and/or director of a publicly-
11 held company, Defendant Simo had a duty to disseminate timely, accurate, and truthful information with
12 respect to Instacart's businesses, operations, future financial condition and future prospects. As a result
13 of the dissemination of the aforementioned false and misleading reports, releases, and public statements,
14 the market price of Instacart securities was artificially inflated throughout the Class Period. In ignorance
15 of the adverse facts concerning Instacart's business and financial condition which were concealed by the
16 Exchange Act Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired
17 Instacart securities at artificially inflated prices and relied upon the price of the securities, the integrity of
18 the market for the securities and/or upon statements disseminated by the Exchange Act Defendants, and
19 were damaged thereby.
20
21

22 89. During the Class Period, Instacart securities were traded on an active and efficient market.
23 Plaintiff and the other members of the Class, relying on the materially false and misleading statements
24 described herein, which the Exchange Act Defendants made, issued or caused to be disseminated, or
25 relying upon the integrity of the market, purchased or otherwise acquired shares of Instacart securities at
26 prices artificially inflated by the Exchange Act Defendants' wrongful conduct. Had Plaintiff and the
27 other members of the Class known the truth, they would not have purchased or otherwise acquired said
28

1 securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid.
2 At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Instacart
3 securities was substantially lower than the prices paid by Plaintiff and the other members of the Class.
4 The market price of Instacart securities declined sharply upon public disclosure of the facts alleged herein
5 to the injury of Plaintiff and Class members.
6

7 90. By reason of the conduct alleged herein, the Exchange Act Defendants knowingly or
8 recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
9 promulgated thereunder.
10

11 91. As a direct and proximate result of the Exchange Act Defendants' wrongful conduct,
12 Plaintiff and the other members of the Class suffered damages in connection with their respective
13 purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure
14 that the Company had been disseminating misrepresented financial statements to the investing public.
15

16 **COUNT IV**

17 **(Violations of Section 20(a) of the Exchange Act Against Defendant Simo)**

18 92. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing
19 paragraphs as if fully set forth herein.

20 93. During the Class Period, Defendant Simo participated in the operation and management
21 of Instacart, and conducted and participated, directly and indirectly, in the conduct of Instacart's business
22 affairs. Because of Defendant Simo's senior positions, she knew the adverse non-public information
23 about Instacart's misstated prospects and false financial statements.
24

25 94. As an officer and/or director of a publicly owned company, Defendant Simo had a duty to
26 disseminate accurate and truthful information with respect to Instacart's financial condition and results
27 of operations, and to correct promptly any public statements issued by Instacart which had become
28 materially false or misleading.

1 95. Because of her positions of control and authority as a senior officer and/or director,
2 Defendant Simo was able to, and did, control the contents of the various reports, press releases, and public
3 filings which Instacart disseminated in the marketplace during the Class Period concerning Instacart’s
4 results of operations. Throughout the Class Period, Defendant Simo exercised her power and authority
5 to cause Instacart to engage in the wrongful acts complained of herein. Defendant Simo, therefore, was
6 a “controlling person” of Instacart within the meaning of Section 20(a) of the Exchange Act. In this
7 capacity, Defendant Simo participated in the unlawful conduct alleged which artificially inflated the
8 market price of Instacart securities.
9

10 96. Defendant Simo, therefore, acted as a controlling person of Instacart. By reason of her
11 senior management positions and/or being a director of Instacart, Defendant Simo had the power to direct
12 the actions of, and exercised the same to cause, Instacart to engage in the unlawful acts and conduct
13 complained of herein. Defendant Simo exercised control over the general operations of Instacart and
14 possessed the power to control the specific activities which comprise the primary violations about which
15 Plaintiff and the other members of the Class complain.
16

17 97. By reason of the above conduct, Defendant Simo is liable pursuant to Section 20(a) of the
18 Exchange Act for the violations committed by Instacart.
19

20 **PRAYER FOR RELIEF**

21 **WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

22 A. Determining that the instant action may be maintained as a class action under Rule 23 of
23 the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

24 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of
25 the acts and transactions alleged herein;

26 C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment
27 interest, as well as their reasonable attorneys’ fees, expert fees and other costs; and
28

1 D. Awarding such other and further relief as this Court may deem just and proper.

2 **DEMAND FOR TRIAL BY JURY**

3 Plaintiff hereby demands a trial by jury.

4 Dated: January 25, 2024

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7 _____