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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

, Individually and on Behalf of  
Early Situated,  
  
Plaintiff,  
  
v.  
  
MARQETA, INC., SIMON KHALAF and  
MICHAEL MILOTICH,  
  
Defendants.

Case File No. 4:24-cv-08892

**CLASS ACTION**

**COMPLAINT FOR VIOLATION  
OF THE FEDERAL SECURITIES  
LAWS**

**DEMAND FOR JURY TRIAL**

Judge:

1 Plaintiff (“Plaintiff”), individually and on behalf of all other persons similarly  
2 situated, by their undersigned attorneys, alleges in this Complaint for violations of the federal  
3 securities laws (the “Complaint”) the following based upon knowledge with respect to their own  
4 acts, and upon facts obtained through an investigation conducted by his counsel, which included,  
5 *inter alia*: (a) review and analysis of relevant filings made by Marqeta, Inc. (“Marqeta” or the  
6 “Company”) with the United States Securities and Exchange Commission (the “SEC”); (b)  
7 review and analysis of Marqeta’s public documents, conference calls, press releases, and stock  
8 chart; (c) review and analysis of securities analysts’ reports and advisories concerning the  
9 Company; and (d) information readily obtainable on the internet.

10 Plaintiff believes that further substantial evidentiary support will exist for the allegations  
11 set forth herein after a reasonable opportunity for discovery. Most of the facts supporting the  
12 allegations contained herein are known only to the defendants or are exclusively within their  
13 control.

#### 14 **NATURE OF THE ACTION**

15 1. This is a federal securities class action on behalf of all investors who purchased  
16 or otherwise acquired Marqeta securities between May 7, 2024 and November 4, 2024, inclusive  
17 (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal  
18 securities laws (the “Class”).

19 2. Defendants provided investors with material information concerning Marqeta’s  
20 gross profit and EBITDA guidance for the fiscal year 2024. Defendants’ statements concerned,  
21 among other things, growth in new business bookings and onboarding timelines ahead of their  
22 full-year plan in addition to making significant operational improvements and confidence in  
23 driving growth of its newer customers and embedded finance use cases.

24 3. Defendants provided these overwhelmingly positive statements to investors while,  
25 at the same time, disseminating materially false and misleading statements and/or concealing  
26 material adverse facts related to Marqeta’s onboarding strategy, including program management  
27 and compliance services in anticipation of the heightened regulatory environment in order to  
28

1 launch and ramp up new customers. Such statements absent these material facts caused Plaintiff  
2 and other shareholders to purchase Marqeta's securities at artificially inflated prices.

3 4. The truth emerged on November 4, 2024, Marqeta issued a press release  
4 announcing negative third quarter 2024 results. During the corresponding earnings call,  
5 Defendants disclosed that an increased operational burden and heightened regulatory changes  
6 impacted both Marqeta's and its customers' onboarding and compliance teams. The incremental  
7 scrutiny and rigor had therefore translated into significant onboarding delays for new customers.  
8 As a result, Marqeta lowered its outlook for the full year 2025.

9 5. Investors and analysts reacted immediately to Marqeta's revelations. The price of  
10 Marqeta's stock declined from \$5.95 per share on November 4, 2024 to \$3.42 per share on  
11 November 5, 2024.

### 12 **JURISDICTION AND VENUE**

13 6. Plaintiff brings this action, on behalf of himself and other similarly situated  
14 investors, to recover losses sustained in connection with Defendants' fraud.

15 7. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the  
16 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the  
17 SEC (17 C.F.R. §240.10b-5).

18 8. This Court has jurisdiction over the subject matter of this action pursuant to 28  
19 U.S.C. §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

20 9. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C.  
21 §1391(b), as Defendant Marqeta is headquartered in this District and a significant portion of its  
22 business, actions, and the subsequent damages to Plaintiff and the Class, took place within this  
23 District.

24 10. In connection with the acts, conduct and other wrongs alleged in this Complaint,  
25 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,  
26 including but not limited to, the United States mail, interstate telephone communications and the  
27 facilities of the national securities exchange.

1 **THE PARTIES**

2 11. Plaintiff purchased Marqeta common stock at artificially inflated prices during the  
3 Class Period and was damaged upon the revelation of the Defendants’ fraud. Plaintiff’s  
4 certification evidencing his transaction(s) in Marqeta is attached hereto.

5 12. Marqeta, Inc. is a Delaware corporation with its principal executive offices located  
6 at 180 Grand Avenue, 6<sup>th</sup> Floor, Oakland, California 94612. During the Class Period, the  
7 Company’s common stock traded on the NASDAQ Stock Market (the “NASDAQ”) under the  
8 symbol “MQ.”

9 13. Defendant Simon Khalaf (“Khalaf”) was, at all relevant times, the Chief Executive  
10 Officer, President and Director of Marqeta.

11 14. Defendant Michael Milotich (“Milotich”) was, at all relevant times, the Chief  
12 Financial Officer of Marqeta.

13 15. Defendants Khalaf and Milotich are sometimes referred to herein as the  
14 “Individual Defendants.” Marqeta together with the Individual Defendants are referred to herein  
15 as the “Defendants.”

16 16. The Individual Defendants, because of their positions with the Company,  
17 possessed the power and authority to control the contents of Marqeta’s reports to the SEC, press  
18 releases, and presentations to securities analysts, money and portfolio managers, and institutional  
19 investors, *i.e.*, the market. Each Individual Defendant was provided with copies of the Company’s  
20 reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance  
21 and had the ability and opportunity to prevent their issuance or cause them to be corrected.  
22 Because of their positions and access to material non-public information available to them, each  
23 of these Individual Defendants knew that the adverse facts specified herein had not been disclosed  
24 to, and were being concealed from, the public, and that the positive representations which were  
25 being made were then materially false and/or misleading. The Individual Defendants are liable  
26 for the false statements pleaded herein, as those statements were each “group-published”  
27 information, the result of the collective actions of the Individual Defendants.

1 17. Marqeta is liable for the acts of the Individual Defendants, and its employees under  
2 the doctrine of respondeat superior and common law principles of agency as all the wrongful act  
3 complained of herein were carried out within the scope of their employment with authorization.

4 18. The scienter of the Individual Defendants, and other employees and agents of the  
5 Company are similarly imputed to Marqeta under respondeat superior and agency principles.

## 6 **SUBSTANTIVE ALLEGATIONS**

### 7 **A. Company Background**

8 19. Marqeta, Inc. operates a cloud-based open application programming interface  
9 platform that delivers card issuing and transaction processing services. It offers its solutions in  
10 various verticals, including financial services, on-demand services, expense management, and e-  
11 commerce enablement, as well as buy now, pay later.

### 12 **B. The Defendants Materially Misled Investors Concerning Marqeta's Profit and** 13 **Earnings Guidance for Fiscal Year for 2024**

14 *May 7, 2024*

15 20. On May 7, 2024, Marqeta issued a press release announcing its first quarter 2024  
16 financial results, highlighting, in pertinent part, that "Total Processing Volume (TPV) increased  
17 by 33% year-over-year, rising to \$67 billion from \$50 billion in the first quarter of  
18 2023...Adjusted EBITDA was \$9 million in the first quarter of 2024, increasing by \$14  
19 million year-over year. Adjusted EBITDA margin was 8% in the first quarter of 2024, an increase  
20 of 10 percentage points versus last year." CEO Simon Khalaf was quoted stating, in relevant part:

21 Our business once again showed itself to be on a solid trajectory this quarter.  
22 Alongside continued scale and operational efficiencies, we saw growth from both  
23 major fintech customers expanding into new use cases and geographies, as well as  
24 growth from newer customers and embedded finance use cases. All put together, it  
25 speaks volumes to the breadth and depth of the Marqeta platform.

26 21. The press release also highlighted several business updates demonstrating its  
27 business growth and momentum, stating in pertinent part:

28 Marqeta announced the global expansion of its U.S. partnership with Uber Eats into  
eight additional markets: Canada, Australia, Mexico, Brazil, Colombia, Peru, Chile  
and Costa Rica. Marqeta's platform allows Uber Eats to reduce effort and time-to-

1 market for each subsequent new market launch, showcasing the global reach of  
2 Marqeta's platform and the strong partnership with Uber since 2020.

3 Marqeta supported the launch of a new and improved Klarna Card, open to  
4 all U.S. Klarna users, which is built into the Klarna app and provides flexible  
5 payment options with no revolving credit, allowing users to either pay a monthly  
6 statement in full with no interest, or pay over time. The card comes with  
7 personalized spending and budgeting recommendations and up to 10% cashback  
when used inside the Klarna app. Marqeta has supported Klarna's business since  
2016, across multiple card projects in North America, Europe and Australia and  
New Zealand.

8 Marqeta announced that it will power the Rain Card, a branded debit card that will  
9 enable Rain's customers, such as McDonald's, Taco Bell, Hilton and Marriott, to  
10 disburse earned wages onto cards seamlessly. In addition, through its strategic  
partnership with Rain, Marqeta can expand the scope of its early wage access  
offerings to add more value for employers across diverse sectors of the economy.

11 22. During the same-day earnings call, CEO Khalaf elaborated on Marqeta's  
12 performance and confidently spoke about the Company's expectations for Marqeta in 2024,  
13 stating, in relevant part:

14 ***Our first quarter results demonstrate how the strong foundation we built in 2023***  
15 ***is leading to growth with new and existing Marqeta customers and speaks***  
16 ***volumes to the strength and depth of the Marqeta platform. We started the year***  
17 ***strong with net revenue, gross profit and adjusted EBITDA outpacing***  
***expectations.***

18 Total processing volume or TPV was \$67 billion in the first quarter, a 33% increase  
19 compared to the same quarter of 2023. In Q1, we had a day where we processed  
20 over \$1 billion in TPV, a significant milestone for the company. Our net revenue  
of \$118 million in the quarter contracted 46% year-over-year, which included a  
decrease of 58 percentage points from the revenue presentation change related to  
our Cash App contract renewal.

22 First and foremost, the accelerated bookings we started in late 2022 and our  
23 relentless focus on converting them to gross profit are starting to pay off. For  
24 example, we launched a program with Trade Republic and new customers signed  
25 in late 2022. Trade Republic is Europe's largest broker and leading savings platform  
headquartered in Germany. Trade Republic uses Marqeta to power an innovative  
consumer debit card that combines spending and savings for their 4 million  
customers across 17 markets.

26 The company chose Marqeta due to our ability to reliably deliver innovation and  
27 easy geographic expansion. Over 1 million people joined the waiting list for the  
28 highly innovative card in just a few weeks. Second, in addition to launching and  
scaling new customers, we continue to focus on expanding with our existing

1 customers. Uber Eats recently expanded with us into Latin and South America,  
2 Canada and Australia, bringing to 9, the number of markets served.

3 ...

4 *Previously, several of our customers, namely fintechs, chose to take program*  
5 *management and other services in-house only to reverse course later given the*  
6 *complexity and regulatory requirements associated with scale. Now many*  
7 *customers look to Marqeta to ease a significant amount of operational burden.*  
8 *During the first quarter, about 20 of our existing customers added program*  
9 *management products and/or optional services from our programs like disputes,*  
10 *compliance reporting and 3D Secure.*

11 *Going forward, we believe compliance-related services, in particular, will be a*  
12 *key selling point and differentiator for our platform. Many competitors do not*  
13 *offer the same level of service and many prospective customers don't want to do*  
14 *this work themselves, especially when we have the advantage of both expertise*  
15 *and economies of scale. While ramping our previously booked programs as a top*  
16 *priority, we're also focused on the significant embedded finance opportunities*  
17 *right before us, like the \$2 trillion market for accelerated wage access or AWA.*

18 As we look to capture this tremendous opportunity, we're working with multiple  
19 distribution partners to increase our reach and expand our offering. While we've  
20 seen tremendous growth from early large adopters like Uber and Walmart's One  
21 finance, we're approaching other channels to bring our solution to a broader market.  
22 In April, we announced our new customer Rain, a financial wellness benefits  
23 provider that uses technology to help companies give employees greater control  
24 over their finances.

25 ...

26 *In summary, we're starting the year strong and seeing the foundation we laid*  
27 *over the last year start to deliver solid financial results. Our revamped sales*  
28 *efforts are beginning to pay off as the new embedded finance customers gain*  
29 *traction. In addition, our strong existing customer base continues to expand with*  
30 *us a testament to the value they get from our platform.*

31 (Emphasis added.)

32  
33 23. Defendant Milotich highlighted Marqeta's first quarter performance and full year  
34 2024 outlook stating, in pertinent part:

35 Our Q1 results represent a strong start to the year with all of our key metrics  
36 exceeding our expectations. TPV grew 33% with broad-based outperformance,  
37 particularly in BNPL, on-demand delivery and financial services. The stronger-  
38 than-expected TBV growth drove net revenue to the high end of our expected range.  
Gross profit meaningfully outperformed due to those volume gains and the benefit  
of capturing additional network incentives, which I will discuss later in more detail.

1  
2 Finally, continued execution of efficiency initiatives, particularly the streamlining  
3 of technology costs, when coupled with our higher gross profit led to significantly  
4 higher adjusted EBITDA of \$9 million in the quarter. Q1 TPV was \$67 billion, a  
year-over-year increase of 33% for the fourth straight quarter. Non-Block TBV  
grew approximately 15 points faster than Block growth.

5  
6 On-demand delivery growth remained in the double digits, accelerating quarter-  
7 over-quarter as our customers expanded into new merchant categories and  
8 geographies. Q1 had our highest on-demand delivery TPV growth in the last 2  
9 years. Expense management growth accelerated for the second straight quarter,  
growing on par with the overall company, driven mainly by strong performance  
from our top customers. In fact, one of these customers have been increasing the  
share of their volume on our platform after seeking platform diversification with a  
competitor in the past.

10  
11 ...  
12 Now let's shift to our Q2 and full year outlook. We expect Q2 net revenue to  
13 contract between 47% and 50%. This is in line with the expectations we shared last  
14 quarter with the exception of the 2-point revenue presentation impact related to the  
renegotiated platform partnership. Consistent with what we have seen in the last 3  
quarters, we have assumed a 65 to 70 percentage point negative impact of the cash  
app renewal.

15  
16 ...  
17 Second, we now expect the mix of our TPV to be more heavily weighted toward  
18 the Powered by Marqeta business, which materially impacts net revenue but has a  
19 much lesser impact on gross profit. This will lower the revenue growth by  
approximately 1 point. Gross profit is now expected to grow 7% to 9%, lifting the  
bottom of the range from what we have shared previously.

20  
21 TPV year-to-date has been a little stronger, helping the first half gross profit growth,  
22 but the majority of the Q1 gross profit upside was related to incentives that are  
specific to Q1 because of the way our incentive contracts are structured. Our  
expectations for the second half gross profit growth remained unchanged for now  
at 23% to 26%.

23  
24 ***These changes in our net revenue and gross profit expectations highlight why we***  
25 ***focus on gross profit as the measure of value we deliver for our customers. Our***  
26 ***net revenue can be noisy based on our business mix and revenue presentation.***  
27 ***Based on our continued success with cost optimization and efficiency initiatives,***  
***we are raising our full year adjusted EBITDA margin to positive 1% to 3%. We***  
***still expect positive adjusted EBITDA for 3 out of our 4 quarters in 2024 with Q2***  
***being the exception.***

28 (Emphasis added.)



1           24.     During a question-and-answer portion of the same earnings call, Defendants touted  
2 Marqeta's success and displayed confidence in continued growth through new bookings and  
3 customers ramping ahead of schedule in a discussion with Wolfe analyst as follows:

4           <Q: Darrin David Peller -Wolfe Research, LLC- Analyst> Listen, just on new  
5 bookings. You obviously have talked over bookings being more material  
6 contributor in the back half of the year for those that you've already bought. Just  
7 curious if you could touch on how the cohorts are trending? Any variance you guys  
8 are seeing with regards to those customers ramping? And then just a quick follow-  
9 up. I'll just ask together on credit and maybe a little more on what the pipeline is  
10 looking like there and if we spend conversion there.

11           <A: Michael Milotich> *So far, what we're seeing is we're a little bit ahead of*  
12 *schedule. So we had said we expected about \$20 million in revenue coming from*  
13 *these new cohorts for 2024 and then that ramping to \$60 million next year. And*  
14 *in Q1, it's obviously early, but we are a little bit ahead based on a couple of*  
15 *customers launching a little more quickly than we expected and 1 or 2 also*  
16 *ramping a little faster than we had projected. That being said, because of, as you*  
17 *can imagine, the ramp of a card program, it takes a little bit of time. So we're, I*  
18 *guess, encouraged by the first couple of months, but the real value will be*  
19 *generated, say, 4 to 7, 8 months after the launch, when you really start to see what*  
20 *kind of momentum those programs have and what kind of volume they can*  
21 *generate. But we're off to a good start, a little bit ahead of schedule.*

22           <A: Simon Khalaf> On the credit side, again, like we said, our focus is to do a hell  
23 of a job on the initial accounts and partners that we have established. I'd say we're  
24 looking really good on the consumer credit side. I'd say for one particular reason,  
25 which is most of the brands that align with our vision on credit are thinking about  
26 a co-brand as an engagement tool and not just a loyalty tool. And kind of like  
27 addressing the top of the funnel, which is bringing more users or regain me the  
28 usage that have lost versus making my loyal customers more loyal.

So that fits exactly with how we perceive the credit market going and also it's a  
great thing for our platform because it operates in real time, and the rewards engine  
could be changed in a real-time basis in order to increase engagement and not just  
loyalty. And on the commercial side, it's actually better than we had expected. We  
did not anticipate such strong demand in commercial credit.

*And most of it is driven by, I'd say, the aggregator marketplaces that have great  
visibility into the performance of a small- to medium-sized business. So just to  
give you an example, at all lending that JPMorgan has done last year, only 2.6%  
of that went to small businesses. But small businesses account for like 53% of  
our GDP. I think we should have anticipated this great demand, but we didn't,  
but I think it's actually a very good sign for us.*

(Emphasis added.)

1           25. Defendant Milotich elaborated on Marqeta's ramp of EBITDA margins for the  
2 future, answering a question from an analyst at Wells Fargo as follows:

3           <Q: Andrew Thomas Bauch- Wells Fargo - Analyst> I wanted to just talk to the  
4 adjusted EBITDA outperformance in the quarter. Nice to see the EBITDA positive  
5 and the cash headwinds coming to an end in unison in the third quarter here. So  
6 how should we think about the ramp of EBITDA margins as we progress beyond  
7 these headwinds that you guys have been experiencing? Meaning the amount of  
8 flow-through or in your ways you want to invest in the business?

9           <A: Michael Milotich> The way we've thought about it is that we believe we can  
10 grow our gross profit in the 20-plus percent, so in the 20s. And we also believe that  
11 if we're growing at that pace that we only need to grow our expenses in the low  
12 double digits, that there should be at least a 10-point gap. Once we lap all this and  
13 we get a normalized base to grow off of starting in '25 and '26 that there should be  
14 about a 10-point gap at least between our gross profit growth and our expense  
15 growth.

16           And that's just the benefit of a platform business and reaching our economies of  
17 scale. And so when you start to look at that 10-point gap in growth and you start to  
18 grow that out a year or 2, you'll see that the EBITDA comes in pretty significant  
19 chunks. It doesn't just drip in. It's becomes a meaningful gap as our volume and  
20 business just keeps getting bigger and bigger. And so that's really the formula we're  
21 looking at.

22           *And just to get a little more specificity, because we're so head count and  
23 technology-driven, our cost structure. What we see is between merit increases and  
24 things we'd get to our employee base as well as the variable costs we have of  
25 running our platform with Cloud costs and other data tools that we use, just those  
26 2 things, our expenses would probably grow in the like mid- to high single-digit  
27 range, assuming we continue to compound at this kind of clip in terms of volume.*

28           *And so with that then, it's all a matter of how much more are we going to be  
investing incrementally to drive additional capabilities on the platform. And  
that's where we've said we think that anywhere from, say, 3 to 5 points of growth  
should be enough investment on top of the existing investment capacity we  
already have, which includes over 300 people who are focused on our platform  
today. And so that's the model that we are projecting our business going forward.*

(Emphasis added.)

May 20, 2024

26           26. On May 20, 2024, Defendant Khalaf presented on behalf of the Company at the  
27 52<sup>nd</sup> J.P. Morgan Annual Global Technology, Media & Communications Conference. During the  
28

1 interview-structured presentation, CEO Khalaf pertinently discussed Marqeta's growing pipeline  
2 and compliance platforms in relation to the Company's risk management. In relevant part:

3 <Q: Tien-Tsin Huang – JPMorgan – Analyst> I mean, just thinking about some of  
4 the hot markets you've been in, expense management, BNPL, on-demand delivery,  
5 we've seen ups and downs, at least reflected in the stock prices. But your bookings  
6 have been strong, and it sounds like things are running a little bit ahead of plan.  
7 How healthy would you say your core end markets are?

8 <A: Simon Khalaf> *I'd say that on the booking side, as we talked about, we are*  
9 *ahead of plan, and the pipeline is growing faster than our bookings, which is a*  
10 *very good thing. So we're not draining the pipeline to make the quarter. And I'd*  
11 *say there's many reasons for that. The first one is, as we tackle the embedded*  
12 *finance market, by definition, they're bigger players. So the numbers are*  
13 *significantly higher.*

14 *The second one, the expansions with our customers is now occurring at a faster*  
15 *pace. I hate to call it the resurgence of fintech, but there are some fintechs that*  
16 *have now scaled, and I think that the dry spell or whatever last year is helping*  
17 *them, because the winners are winning more. So -- and they're expanding with*  
18 *us, either selling more products or expanding in other countries. And then we*  
19 *have, I'd say, the core use cases that we have reenabled that is fueling our*  
20 *pipeline as well. So from a bookings perspective, again, it's a win rate from a*  
21 *bigger pipeline, and it's looking very healthy.*

22 <Q: Tien-Tsin Huang – JPMorgan – Analyst> Yes. Well, that's consistent. You said  
23 you're going after enterprises. At Investor Day, you said you were moving away  
24 from the VC-backed players, which makes sense. And now you've got enterprise,  
25 you have marketplace. So could we expect larger deals in general, and the trade-off  
26 could be slower implementations? How should we evaluate that?

27 <A: Simon Khalaf> Yes. We intentionally do not want to trade a large number with  
28 a slower implementation cycle, right? So the good thing on the enterprise side is  
we are the program manager. So if you look at some of the deals that we've closed  
in fintech that took some time, we were not the program manager. So they had the  
relationship with the banks themselves. Things are slow. Banks are not the fastest  
moving organizations.

So us being the program manager, it actually makes the programs go smoother, if  
not even faster. So we're not trading that. So the answer is yes, there are going to  
be bigger deal, but the -- and we monitor this. The average and the median of the  
deployment cycles are coming down by about 11% year-over-year. So while we've  
broadened the pipe, we haven't compromised the deployment time.

<Q: Tien-Tsin Huang – JPMorgan – Analyst> So I know also enterprises are going  
to be a lot more careful around risk management, and I think compliance appears  
to be an asset for you because you've fought through that as you scaled up a lot of

1 big players, including Cash App and Block. So is that a differentiator in your mind,  
2 Simon? Is there more to do on the compliance side?

3 <A: Simon Khalaf> Yes. Absolutely. No, no, absolutely. I mean, I always look at  
4 expertise and scale. So we can do it better and we can do it cheaper. So one is like,  
5 okay, so why? *One is the investment we have put in. We have spent in this*  
6 *platform. So if you look at it on the dispute side, whether you're doing Reg E or*  
7 *you're doing Reg Z. So Reg Z is for credit, Reg E is for debit. You have to put an*  
8 *IVR, you have to program it for telephony, you have to build a chatbot, you have*  
9 *to understand the intent of the consumer, you have to build a queuing*  
10 *management system, you have to submit to the network, and you have to track all*  
11 *these and instrument it to make sure the consumers are happy. Well, guess what?*  
12 *We've built that. So that is not easy work.*

13 *Same thing with banking, with banking secrecy, anti-money laundering, putting*  
14 *that machinery together, sampling it against lists, so on and so forth. That's all*  
15 *been done. And the scale we operate at, our unit economic is significantly better*  
16 *than what each customer can get on their own. So in addition to the unit*  
17 *economics, you've got multiple expertise that we can help them. So if somebody*  
18 *wants to do debit, money movement, credit, BNPL, I program management layer.*  
19 *And I think that's a huge differentiator for us.*

20 <Q: Tien-Tsin Huang – JPMorgan – Analyst> And when you're competing against  
21 some of your peers on the compliance side, is it very observable for your clients as  
22 they're making decisions on the compliance front?

23 <A: Simon Khalaf> They are. No, absolutely. *And I'd say that some of the fintech*  
24 *players, they're very smart and they built it on their own for a specific program.*  
25 *They did not realize that as they want to branch out of the program they have*  
26 *established, they have to kind of rebuild it. So I mean, at the end of the day, every*  
27 *fintech wants to become a bank. So without the license, but offer banking*  
28 *services.*

29 And it's not that they stopped and thought, hmm, I'm going to do consumer,  
30 business, commercial, lending, whatever. So let me start by building this great  
31 program management layer and start building services underneath it. No. They said,  
32 look, I'm going to do BNPL. I'm going to have great program management for that.  
33 But then they get into the revolver and say, hmm, that's going to be hard. So there's  
34 no question that the program management layer and the investment we've made  
35 have become great competitive differentiators for us.

36 (Emphasis added).

37 August 7, 2024

38 27. On August 7, 2024, Marqeta issued a press release announcing its second quarter  
2024 financial results, reporting, in pertinent part, that “Total Processing Volume (TPV) of \$71

1 billion, representing a year-over-year increase of 32% driven by volume growth across several  
2 use cases.” CEO Khalaf commented on the results, stating in relevant part:

3 The second quarter demonstrates the great returns on our reinvigorated go-to-  
4 market approach combined with our ability to deliver innovation at scale. We  
5 signed a pioneering techbank, launched a new payment innovation that reimagines  
6 what a card can be, and deepened the array of services we can offer globally, all  
7 while continuing to grow our TPV and operate with focused efficiency.

8 28. The press release also announced Marqeta’s newly signed deals and recent  
9 business updates, stating in pertinent part:

10 Marqeta announced it has signed a five year deal with Varo Bank, N.A., the first  
11 nationally-chartered consumer techbank in the U.S., to become its issuer processor.  
12 Varo selected Marqeta for its ability to combine sophisticated virtual, tokenized  
13 and physical card issuing technology for the more than five million cards it has in  
14 market, with faster speed to market, helping Varo achieve its goals of helping  
15 people save and manage their money more easily.

16 We recently announced that we are the first US. issuer-processor certified  
17 by Visa to support Visa Flexible Credential, which will allow a single card product  
18 to toggle between payment methods on each transaction, bringing multiple funding  
19 sources to one card. Cardholders can choose whether to use debit, credit or “pay-  
20 in-four” with Buy Now Pay Later. Currently, we are partnering with Affirm, the  
21 first program announced in the US to offer Visa Flexible Credential, to enable this  
22 capability for their Affirm Card. This reinforces Marqeta’s commitment to  
23 innovation and provides us with further differentiation in the BNPL landscape.

24 Marqeta signed Zoho, a global tech company serving over 700 thousand  
25 businesses, which transforms how SMBs and enterprises work with a  
26 comprehensive suite of more than 50 business management applications. Zoho  
27 selected Marqeta for its ability to deliver expense management and embedded  
28 finance expertise to launch a card solution that enables businesses to manage  
expenses efficiently while also supporting their long-term growth.

29. During the corresponding earnings call discussing results, Defendant Khalaf  
highlighted Marqeta’s revenue and gross profit growth, as well as its business diversification,  
stating in relevant part:

Our second quarter results came in ahead of expectations, and once again, we  
demonstrated significant discipline in operating expenses without compromising  
our growth trajectory, scale, service or innovation.

I’ll now briefly discuss our quarterly results before diving into company updates.  
The second quarter’s net revenue, gross profit and adjusted EBITDA exceeded our  
expectations. Total processing volume, or TPV, was \$71 billion in the second

1 quarter, a 32% increase compared to the same quarter of 2023. Our net revenue of  
2 \$125 million in the quarter contracted 46% year-over-year, which included a  
3 decrease of 60 percentage points from the revenue presentation change related to  
4 our Cash App contract renewal.

...

5 Our second quarter results demonstrate the continued demand for what has  
6 differentiated Marqeta's platform, our ability to deliver solutions for diverse  
7 consumer and commercial use cases while continuously innovating and expanding  
8 value-added program management services. As discussed in our recent State of  
9 Payments report, which we released 2 weeks ago, consumers continue to branch  
10 out in financial services, looking for alternatives to traditional banks. 1/3 of  
11 consumer survey said they were only -- they were using digital-only banks with  
12 63% of 18- to 34-year-old saying they will be open to banking with a nontraditional  
13 financial service providers. These trends have given modern and digital banks a  
14 genuine foothold in the market.

...

15 We anticipate more momentum to come in 2025. I'm thrilled to share that Varo  
16 Bank, which has 5 million cards in the market recently chose Marqeta as their  
17 partner for its card processing business. Varo will trust us to migrate their customers  
18 over from their current processor in 2025 for a 5-year exclusive contract. Varo is  
19 uniquely positioned as a techbank with its own bank charter, given its greater  
20 control over its product stack and user interface. To realize this advantage, Varo  
21 sought a nimble and sophisticated partner to help them innovate quickly as they  
22 look to offer their consumers real-time insights into their transactions.

23 The TPV growth and momentum goes well beyond financial services. In fact, 10  
24 out of our top 20 customers grew over 50% year-over-year during the quarter. The  
25 use cases include expense management, SMB working capital, Buy Now, Pay Later  
26 in addition to financial services. This speaks to the strength of the Marqeta platform  
27 and its ability to support innovation at scale across a variety of use cases, solidifying  
28 Marqeta's platform play.

...

29 We offer solutions ranging from expense management to commercial credit and  
30 working capital to help these businesses operate with improved efficiencies and  
31 capitalization, investing more in their business and having more time to execute  
32 and innovate rather than having them manage antiquated back-office applications.  
33 This has driven the continued growth in expense management as TPV for this  
34 vertical grew slightly more than our average TPV growth during the quarter.

35 To add to that growth, we have signed Zoho during the quarter. Zoho is a global  
36 technology company serving over 700,000 businesses from SMBs to enterprises  
37 with a comprehensive suite of business management applications. Zoho chose  
38 Marqeta as their partner because of our expertise in launching card solutions that  
enables businesses to manage expenses efficiently. Marqeta was also chosen

1 because of the breadth and depth of our platform, which enables businesses to  
2 accelerate growth globally.

3 While digital banking and expense management continue to perform well on our  
4 platform, we continue to innovate in e-commerce and digital payments. We recently  
5 announced that we are the first U.S. issuer processor certified by Visa to support  
6 Visa Flexible Credential. With some Visa Flex cards, consumers can allow a single  
7 card product to toggle between payment methods on each transaction, bringing  
8 multiple funding sources to 1 card. Cardholders can choose whether to use debit,  
9 credit, pay-in-for with Buy Now, Pay Later or even pay using rewards points.

10 *...  
11 The combination of the innovation we power with the ability to execute at scale,  
12 truly differentiates Marqeta. As our customer reach scale and the regulatory  
13 environment change, the guidance we provide our customers becomes a true  
14 differentiator. That's why we continue to enhance both program management  
15 and compliance.* With the launch of our new office in Warsaw, Poland, we're now  
16 equipped to support more program management capabilities for our European  
17 customers, allowing us to deepen our already successful offering in the market.

18 Program management is important to our long-term growth for the following  
19 reasons. First, increased services add incremental net revenue, typically with higher  
20 gross profit margins. In the second quarter, net revenue driven by our suite of risk  
21 solutions, such as 3DS and risk control, increased by 61% year-over-year.

22 Second, it improves our customers' speed to market and our time to realize gross  
23 profit. As an example, if a customer looks to secure a bank partner without a system,  
24 this can take 9 to 12 months. However, without assistance, we can bring this time  
25 down dramatically.

26 *Third, it positions us well with companies looking to offer embedded finance.  
27 These companies can focus on their brand and their customer experience while  
28 leaving cumbersome details around offerings such as dispute to Marqeta. All  
these updates speak to our platform's breadth, depth and scale, while our ability  
to innovate demonstrate our expertise, delivering solutions for consumer and  
commercial debit and credit in countries around the world with modern flexible  
architecture is very appealing to both existing customers and new prospects.*

(Emphasis added).

30. On the same call Defendant Milotich discussed Marqeta's second half and full  
year 2024 outlook stating, in pertinent part:

Now let's shift to our second half and full year outlook. As we move into Q3, we  
began the first chapter of a new era for Marqeta, where we aim to deliver  
sustainable, profitable growth. We are returning to growth now that we have lapped  
the resetting of the large majority of our customer contracts and the Cash App

1 renewal in particular, we have established longer-term partnerships with our  
2 customers where we can work together to drive growth with win-win outcomes.

3 In addition, we expect to be adjusted EBITDA positive going forward at an  
4 increasing rate over time, renewed expense discipline, a focus on efficiency and  
5 optimization and the realization of our platform economies of scale as the business  
6 flourishes has put us on a clear path to GAAP profitability in the coming years.

7 *We expect both Q3 and Q4 net revenue growth to be between 16% to 18%, in line  
8 with what we indicated last quarter. Therefore, full year net revenue growth is  
9 expected to contract 24% to 27%, again, consistent with the expectations we  
10 shared last quarter. Q3 gross profit growth is expected to grow between 25% and  
11 27%, while Q4 is expected to grow approximately 3 points lower than Q3. As a  
12 result, second half growth is consistent with the expectations we shared last  
13 quarter. Both quarters are expected to benefit from non-Block gross profit growth  
14 of over 30%, which is accelerating from the first half as we have now lapped  
15 heavy renewal activity, as well as the growing contribution from the ramping of  
16 new cohorts driven by improving sales last year.*

17 . . .  
18 To wrap up, the business has had an exciting turning point as we enter into the  
19 second half of 2024. Our Q2 results demonstrate the continued momentum in our  
20 business. TPV growth remains robust at 32%, fueled by strong results across  
21 financial services, expense management and BNPL use cases among both well-  
22 established customers as well as those who are newer to our platform. As Simon  
23 mentioned, the TPV for 10 of our top 20 customers grew by over 50% in Q2.

24 Gross profit growth was weighed down by the Cash App renewal for the last time  
25 and accelerating non-Block growth signals the strong underlying growth of the  
26 business. Well executed efficiency and optimization initiatives continue to lower  
27 adjusted operating expenses without sacrificing innovation or platform resiliency,  
28 compliance and security.

29 *As we begin the second half of 2024, we expect TPV growth to remain over 30%  
30 based on the current trajectory and the newer programs that are still ramping.  
31 The variety of use cases across consumer and commercial in multiple  
32 geographies showcases the strength of our platform. With the large  
33 concentration of contract renewals behind us, the TPV growth is expected to  
34 translate into gross profit growth in the mid-20s with some quarterly variation.*

35 (Emphasis added).

36 31. During the question-and-answer segment of the same earnings call, Defendants  
37 touted Marqeta's existing customer base as well as its ongoing potential for growth, stating in  
38 part:



1 <Q: Ramsey El-Assal- Barclays- Analyst> Separately, I guess I also wanted to ask,  
2 with the renewals behind you, how should we think about the growth algorithms  
3 balance between new customer versus existing customer growth? I think you guys  
4 have highlighted a lot of new opportunity on this call. I'm just kind of curious, in  
5 your mind, what is shaping up to be the more powerful drivers sort of today and in  
6 your projections between sort of harvesting growth from the clients you have today  
7 versus new customers that you think may drive kind of an incremental share of  
8 growth as we move forward?

9 <A: Simon Khalaf > Yes. I'll give an answer and then hand it over to Mike. Ramsey,  
10 it is kind of yes and yes. So, we are excited that the new cohorts are on track to  
11 generate \$20 million in revenue, which is what we've guided. So, we're on track  
12 with that, and again, speaks volume to how fast we can onboard new customers and  
13 get them ramped up. So, that's a growth vector. Our customers also are growing,  
14 some of them geographically. Others, they're launching multiple programs. So, that  
15 also factors into our growth calculations. But Mike, you can give more color over  
16 the multiyear.

17 <A: Michael Milotich> Yes. I think -- what I would say is if you look at our  
18 bookings through the first half, roughly half of it are expansions with existing  
19 customers versus new logos, if you will, or new customer bases. So, it's a nice  
20 balance between the 2. We still have a lot of established customers who still have  
21 a lot of growth potential. And so, we continue to try to do more business with them  
22 as well as bringing in new pieces of business.

23 The other thing I would say is also just even within our programs that are already  
24 live with our existing customers, again, the growth is really significant. We talked  
25 about 10 of our 20 customers have their TPV growing over 50%, but 8 of those 10  
26 are growing more than 75%. So, it's really -- we have several customers who really  
27 have caught on to something that's very much resonating in the market, and they're  
28 growing really fast, even separate from necessarily doing additional business with  
29 us, so they'll come over time. So, it's a very nice combination for us to have in the  
30 coming quarters to get growth from both new and existing customers.

31 32. On the same call, Defendant Khalaf was questioned regarding recent cybersecurity  
32 events and its relation to increased regulatory scrutiny:

33 <Q: William Alfred Nance - Goldman Sachs- Analyst> I wanted to ask about some  
34 of the cybersecurity events that happened recently with the Evolve hack. And just  
35 wondering if you could talk about maybe some of the ramifications for the broader  
36 ecosystem. And I guess, A, how that's impacting some of the partner banks in the  
37 ecosystem? And then, B, if there's any impact on pipelines or kind of new program  
38 upstarts that may be impacted by increased regulatory scrutiny?

39 <A: Simon Khalaf > ***The short answer is no. The little bit long answer is that there  
40 is the CrowdStrike event that did not impact us -- predominantly in Mac shop. I  
41 mean, we had a customer at CrowdStrike, but thanks to a great effort by our***

1 *security team, we were not impacted, neither were our customers impacted in any*  
2 *major way. So, that's good. In terms of the other security and regulatory scrutiny,*  
3 *I don't expect it to create a medium-term or long-term challenges.*

4 On the contrary, I would say they are going to create a lot of tailwinds for Marqeta  
5 because of the flight to quality syndrome. We have demonstrated our ability to scale  
6 and in a compliant manner. In terms of like Evolve specifically, our business on  
7 Evolve is not big, but Evolve is a great partner of ours. But most of the issues, I'd  
8 say, do not involve Marqeta.

9 And some of the challenges that we've actually read in the press, we don't have  
10 intimate knowledge, right, are something that will not impact Marqeta because  
11 we've invested heavily in those -- I'd say in the chrome around our solution, whether  
12 it's settlement or reconciliation. This is something that we've done beautifully as  
13 we've scaled. So, I would say that we're looking good, and this is actually working  
14 in favor of Marqeta.

15 (Emphasis added.)

16 33. Defendant Milotich was asked about the Company's pipeline conversion and  
17 visibility for gross profit growth pertinently stating:

18 <Q: Andrew Garth Schmidt - Citigroup- Analyst> If I could just go back to the  
19 November 2023 Analyst Day, I recall you had to make some assumptions around  
20 pipeline, conversion, and then which segments would grow at which rates. Maybe  
21 you could talk about how some of those key assumptions are trending. Obviously,  
22 some good wins announced in the quarter, so it seems fairly positive. But curious  
23 about how some of those key assumptions are trending and how that influences  
24 your visibility for gross profit growth in the out years.

25 <A: Michael Milotich> *Yes. I think for the most part, of course, there's always*  
26 *puts and takes. You don't get everything right. But I would say on a bigger picture*  
27 *level, we're very much on trend. We had said that we expected \$20 million in*  
28 *revenue from customers who essentially had not launched prior to 2024 in the*  
*year, and we're on track to deliver that. And that number is expected to go up to*  
*60% -- or \$60 million, sorry, next year. So, we feel good that the new business*  
*that we're onboarding is on track.*

29 I think in terms of when we look at the existing business and how it's trending, I  
30 would say it's about as expected with maybe slightly different -- a slightly different  
31 mix than maybe we'd anticipated a year ago. I think some of the things that Simon  
32 has highlighted in financial services and this concept where just many, many  
33 companies, particularly in embedded finance, have some neobank aspects to their  
34 strategy in terms of how they want to engage their users or their employees. And  
35 so, I would say that's an area we're probably seeing more demand than we had  
36 thought 9 months ago. So, that's probably the earliest place where we're really  
37 seeing a lot of embedded finance activity.

1 ***But big picture wise, we're largely on track and things are as planned, with the 1***  
2 ***exception being our ability to manage costs effectively. That's the 1 place where***  
3 ***we're noticeably ahead where we expected 9 months ago.***

4 <Q: Andrew Garth Schmidt - Citigroup- Analyst> And then lot of questions this  
5 quarter on cyclicalities and macro. Obviously, it doesn't seem to be showing up in  
6 your results, pretty strong growth. But maybe you could just remind us the  
7 components of cyclicalities and maybe more towards the fourth quarter where we do  
8 get a heightened shopping season with BNPL and such and what the sensitivity is  
9 there.

10 <A: Michael Milotich> ***So far, we're seeing very stable trends, even our July TPV***  
11 ***growth is in line with Q2. And if you actually go back much further, what you***  
12 ***see is really for about 18 months, our TPV growth has been incredibly stable,***  
13 ***which we're quite happy about because our base is getting materially larger and***  
14 ***we're still able to maintain this growth that's called like sort of low to mid-30s***  
15 ***growth on a very consistent basis. So, we're certainly not seeing anything macro-***  
16 ***wise that seems to be disrupting that trajectory and including the month of July.***  
17 ***So, so far, we see things trending quite stable.***

18 One of the other things we also look at is the mix of our spend. So, we look at the  
19 spend by what's high discretionary, what's low discretionary, and kind of a medium  
20 bucket, everything in between. And when we cut our TPV that way, what we're  
21 seeing is each of those 3 buckets is growing at roughly the same rate. So, right now,  
22 at this point, too, with this compounding growth we're getting very nicely, the mix  
23 of our business by sort of discretionary buckets is not changing a whole lot. So,  
24 everything is fairly stable.

25 The last question that you had about the holiday season. So, the only thing that's  
26 material for us is that, yes, in Q4, the mix of our volume shifts a little bit more to  
27 BNPL, right? Just given the role that BNPL plays in retail holiday shopping, in  
28 particular, the mix of our volume shifts a couple of points to BNPL in the fourth  
quarter compared to the rest of the year. But otherwise, everything is pretty stable.  
That's the only thing that's noticeable in Q4 versus the other quarters of the year.

(Emphasis added.)

34. The above statements in Paragraphs 20 to 33 were false and/or materially  
misleading. Defendants created the false impression that they possessed reliable information  
pertaining to the Company's projected revenue outlook and anticipated growth areas of fintech,  
including on-demand delivery, BNPL and digital banking, while also downplaying the potential  
for longer customer onboarding timelines for new deal launches caused by heightened regulatory  
scrutiny. In truth, Marqeta's investment in compliance and program management capabilities

1 were inadequate to deal with regulatory scrutiny facing its banking partners leading to  
2 significantly longer onboarding delays for new customers.

3 **C. The Truth Emerges during Marqeta's Third Quarter Results and Reduces**  
4 **Fourth Quarter and Full Year 2025 Growth Outlook**

5 *November 4, 2024*

6 35. On November 4, 2024, the Company reported third quarter and pertinently cut  
7 their full year 2025 growth outlook stating, "Our fourth quarter guidance reflects several changes  
8 that became apparent over the last few months with regards to the heightened scrutiny of the  
9 banking environment and specific customer program changes."

10 36. During the same-day earnings call, Defendant Khalaf addressed the softening  
11 guidance for Q4 2024, stating, in pertinent part:

12 With all this great progress, why is our guidance for Q4 softer than expected? Well,  
13 last year, the regulatory environment changed amongst the smaller banks that  
14 supports many of our customers' programs.

15 As a company, we anticipated this change and invested in program management in  
16 general and compliance services in particular. We believe that these investments  
17 have positioned us well in the medium and long term and increase the most around  
18 our platform, especially in embedded finance. However, we underestimated the  
19 increased operational burden these changes made on both Marqeta's and the bank's  
20 onboarding and compliance teams. The incremental scrutiny and rigor translated  
21 into delays in launching new programs.

22 *These delays have also been aggravated by the increased demand from new*  
23 *bookings in 2023 and the first half of 2024. On average, the time to launch new*  
24 *programs grew 30% to 40% from 2023, and we expect that increase to remain for*  
25 *at least 2 additional quarters as we and our bank partners become more agile in*  
26 *launching programs in this new environment.*

27 *Given the standard ramp time for programs in our industry, these delays will*  
28 *cause volume and gross profit to be pushed out a few months. Now with a more*  
*complete understanding of the implications, we're taking a more holistic*  
*approach to ramping the programs we have already signed. We are also signing*  
*up new banks to add capacity and open up new choices for our customers while*  
*making our processes standardized across all banks we support.*

We are confident these changes will give us the agility we need. However, it will  
take a few months to completely solve the problem and drain the backlog that has  
been built up. We view the headwinds from the more challenging bank environment  
as short term, merely slowing down our progress rather than a change in the

1 trajectory of our business nor impacting our path to profitability. In fact, we remain  
2 confident in our strategy, business trajectory and execution.

3 (Emphasis added.)

4 37. On the same call, Defendant Milotich discussed the Company's outlook for Q4  
5 2024, stating, in relevant part:

6 Now let me walk through our latest outlook for Q4. We expect Q4 net revenue  
7 growth to be between 10% and 12% and Q4 gross profit growth to be between 13%  
8 and 15%, a 6- and 9-point reduction, respectively, compared to what we shared in  
9 early August. The change in our expectations is primarily driven by 2 factors, both  
10 of which stem to some degree from the heightened regulatory environment from  
11 our bank partners.

12 First, we now expect significantly fewer new programs will launch and ramp up in  
13 the second half of the year, lowering gross profit growth by approximately 6 points.  
14 We were not quick enough with solutions and new processes for our bank partners,  
15 and they are more focused on maintaining current programs in the heightened  
16 regulatory environment than launching new programs. In some cases, this  
17 environment also delays our customers' launch plans. Now that we have a backlog  
18 of programs to launch, it will take time to work through it.

19 Delays of a few months pushes launches into Q4 and the first half of 2025. Because  
20 of the ramp trajectory of TPV in the first year of a program, a few months delay  
21 meaningfully impacts Q4. The impact is larger on gross profit than revenue since  
22 newer programs with subscale volume tend to have high gross margins until our  
23 customers work through the initial volume tiers in our contracts.

24 Why does this change in assumptions seem so sudden? We have been very aware  
25 of the scrutiny and working through it with our bank partners, investing  
26 significantly more in our compliance efforts since the start of this year to raise our  
27 program management standards ahead of the rising tide. ***However, in the past 2 to  
28 3 months, it has become clear we greatly underestimated the magnitude and time  
horizon for all parties to adapt to the new standards. We are actively executing  
the solution for this challenge, working closely with existing bank partners to  
optimize our processes to improve the efficiency of program approval and  
onboarding.***

(Emphasis added.)

38. During the question-and-answer segment of the call, Defendant Khalaf was asked  
if the product launch delays were industry wide:

1 <Q: Sanjay Harkishin Sakhrani – Keefe, Bruyette, & Woods, Inc.- Analyst> I  
2 guess, Mike, you mentioned or Simon did that what you were seeing is not  
3 dissimilar to what others have seen in the industry. I mean, have you guys validated  
4 that? Have your competitors also seen similar product launch delays?

4 <A: Simon Khalaf > Good question. Actually, as a team, we were at Money20/20  
5 last week, which is the conference for new financial services. And I'd say that the  
6 #1 thing that was discussed was how everyone is now taking compliance in general  
7 and regulatory compliance seriously. And everybody is talking about the delays,  
8 but they're also talking about the flight to quality, which is they're coming to  
9 Marqeta because we were the entity that has invested early on in the cycle.

8 And also, we heard a lot of folks that thought that they could use BaaS players as  
9 kind of like an alternative to Marqeta, that actually has disappeared because a lot  
10 of folks mentioned that they're seeing almost these solutions fizzle out in terms of  
11 the ability to take on scale programs. So yes, we're not unique into that -- into this  
12 environment. But I do believe we had a head start in compliance, and we will get  
13 over this hump in terms of the operational burden that ourselves and a couple of  
14 our bank partners have faced.

13 39. The aforementioned press release and statements made by the Individual  
14 Defendants are fraudulent and in direct contrast to statements Defendants' prior statements,  
15 including those made during the May 7, 2024, May 20, 2024 and August 7, 2024, earnings calls  
16 and presentations. On those calls, Defendants continually touting growth in new business  
17 bookings and onboarding timelines ahead of full-year plan, in addition to making significant  
18 operational improvements and confidence in driving growth of its newer customers and  
19 embedded finance use cases. In truth, the Company's ongoing investment in compliance and  
20 program management capabilities were inadequate to deal with regulatory scrutiny facing its  
21 banking partners thereby leading to significantly longer onboarding delays for new customers.  
22 Defendants misled investors by providing the public with materially flawed statements of  
23 confidence and growth projections which did not account for these variables.

24 40. A number of well-known analysts who had been following Marqeta downgraded  
25 the Company's stock and/or lowered their price targets in response to Marqeta's disclosures. For  
26 example, J.P. Morgan released a statement regarding Marqeta's recent issues, stating, in pertinent  
27 part:  
28

1 As the BIN sponsorship environment came under regulatory pressure earlier this  
2 year, onboarding timelines became heavily extended (from ~150 days in 2023 to  
3 >300 in 1H24), which management previously expected to improve in 3Q. For  
4 context, this dynamic was generally undiscussed by management until now, with  
5 MQ as recently as last quarter articulating that new business onboarding was  
6 proceeding generally on track. Ultimately, this expected bottleneck relief didn't  
7 happen, and in 3Q onboarding times were still 30-40% higher than last year,  
8 resulting in a delay in bookings conversion and lower NTM growth.

9 41. Similarly, Wells Fargo released a statement as to Marqeta's "unfortunate and  
10 untimely setback", stating, "[w]hile management attempted to reassure investors that the  
11 challenges had 'bottomed' & revenues would return once delays were alleviated, we think this  
12 message will fall on deaf ears for the foreseeable future."

13 42. As a result, investors and analysts reacted immediately to Marqeta's revelations.  
14 The price of Marqeta's stock declined from \$5.95 per share on November 4, 2024 to \$3.42 per  
15 share on November 5, 2024.

#### 16 **D. Loss Causation and Economic Loss**

17 43. During the Class Period, as detailed herein, Marqeta and the Defendants made  
18 materially false and misleading statements and engaged in a scheme to deceive the market and a  
19 course of conduct that artificially inflated the price of Marqeta's common stock and operated as  
20 a fraud or deceit on Class Period purchasers of Marqeta's common stock by materially misleading  
21 the investing public. Later, when Marqeta and Defendants' prior misrepresentations and  
22 fraudulent conduct became apparent to the market, the price of Marqeta's common stock  
23 materially declined, as the prior artificial inflation came out of the price over time. As a result of  
24 their purchases of Marqeta's common stock during the Class Period, Plaintiff and other members  
25 of the Class suffered economic loss, *i.e.*, damages under federal securities laws.

26 44. Marqeta's stock price fell in response to the corrective event on November 4, 2024,  
27 as alleged *supra*. On November 4, 2024, Defendants disclosed information that was directly  
28 related to their prior misrepresentations and material omissions concerning Marqeta's forecasting  
processes and growth guidance.

1           **E.     Presumption of Reliance; Fraud-On-The-Market**

2           45.     At all relevant times, the market for Marqeta's common stock was an efficient  
3 market for the following reasons, among others:

4           (a)     Marqeta's common stock met the requirements for listing and was listed and  
5 actively traded on the NASDAQ during the Class Period, a highly efficient and automated market;

6           (b)     Marqeta communicated with public investors via established market  
7 communication mechanisms, including disseminations of press releases on the national circuits  
8 of major newswire services and other wide-ranging public disclosures, such as communications  
9 with the financial press and other similar reporting services;

10          (c)     Marqeta was followed by several securities analysts employed by major brokerage  
11 firms who wrote reports that were distributed to the sales force and certain customers of their  
12 respective brokerage firms during the Class Period. Each of these reports was publicly available  
13 and entered the public marketplace; and

14          (d)     Unexpected material news about Marqeta was reflected in and incorporated into  
15 the Company's stock price during the Class Period.

16          46.     As a result of the foregoing, the market for Marqeta's common stock promptly  
17 digested current information regarding the Company from all publicly available sources and  
18 reflected such information in Marqeta's stock price. Under these circumstances, all purchasers of  
19 Marqeta's common stock during the Class Period suffered similar injury through their purchase  
20 of Marqeta's common stock at artificially inflated prices, and a presumption of reliance applies.

21          47.     Alternatively, reliance need not be proven in this action because the action  
22 involves omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to  
23 recovery pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah*  
24 *v. United States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material  
25 in the sense that a reasonable investor might have considered the omitted information important  
26 in deciding whether to buy or sell the subject security.



1 **F. No Safe Harbor; Inapplicability of Bespeaks Caution Doctrine**

2 48. The statutory safe harbor provided for forward-looking statements under certain  
3 circumstances does not apply to any of the material misrepresentations and omissions alleged in  
4 this Complaint. As alleged above, Defendants’ liability stems from the fact that they provided  
5 investors with revenue projections while at the same time failing to maintain adequate forecasting  
6 processes. Defendants provided the public with forecasts that failed to account for this decline in  
7 sales and/or adequately disclose the fact that the Company at the current time did not have  
8 adequate forecasting processes.

9 49. To the extent certain of the statements alleged to be misleading or inaccurate may  
10 be characterized as forward looking, they were not identified as “forward-looking statements”  
11 when made and there were no meaningful cautionary statements identifying important factors that  
12 could cause actual results to differ materially from those in the purportedly forward-looking  
13 statements.

14 50. Defendants are also liable for any false or misleading “forward-looking  
15 statements” pleaded because, at the time each “forward-looking statement” was made, the speaker  
16 knew the “forward-looking statement” was false or misleading and the “forward-looking  
17 statement” was authorized and/or approved by an executive officer of Marqeta who knew that the  
18 “forward-looking statement” was false. Alternatively, none of the historic or present-tense  
19 statements made by Defendants were assumptions underlying or relating to any plan, projection,  
20 or statement of future economic performance, as they were not stated to be such assumptions  
21 underlying or relating to any projection or statement of future economic performance when made,  
22 nor were any of the projections or forecasts made by the defendants expressly related to or stated  
23 to be dependent on those historic or present-tense statements when made.

24 **CLASS ACTION ALLEGATIONS**

25 51. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
26 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or  
27 otherwise acquired Marqeta’s common stock during the Class Period (the “Class”); and were  
28 damaged upon the revelation of the alleged corrective disclosure. Excluded from the Class are

1 defendants herein, the officers and directors of the Company, at all relevant times, members of  
2 their immediate families and their legal representatives, heirs, successors or assigns and any entity  
3 in which defendants have or had a controlling interest.

4 52. The members of the Class are so numerous that joinder of all members is  
5 impracticable. Throughout the Class Period, Marqeta's common stock were actively traded on  
6 the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and  
7 can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds  
8 or thousands of members in the proposed Class. Record owners and other members of the Class  
9 may be identified from records maintained by Marqeta or its transfer agent and may be notified  
10 of the pendency of this action by mail, using the form of notice similar to that customarily used  
11 in securities class actions. As of October 31, 2024, there were 465 million shares of the  
12 Company's common stock outstanding. Upon information and belief, these shares are held by  
13 thousands, if not millions, of individuals located throughout the country and possibly the world.  
14 Joinder would be highly impracticable.

15 53. Plaintiff's claims are typical of the claims of the members of the Class as all  
16 members of the Class are similarly affected by Defendants' wrongful conduct in violation of  
17 federal law that is complained of herein.

18 54. Plaintiff will fairly and adequately protect the interests of the members of the Class  
19 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has  
20 no interests antagonistic to or in conflict with those of the Class.

21 55. Common questions of law and fact exist as to all members of the Class and  
22 predominate over any questions solely affecting individual members of the Class. Among the  
23 questions of law and fact common to the Class are:

- 24 (a) whether the federal securities laws were violated by Defendants' acts as alleged  
25 herein;
- 26 (b) whether statements made by Defendants to the investing public during the Class  
27 Period misrepresented material facts about the business, operations and  
28 management of Marqeta;

- 1 (c) whether the Individual Defendants caused Marqeta to issue false and misleading  
2 financial statements during the Class Period;
- 3 (d) whether Defendants acted knowingly or recklessly in issuing false and misleading  
4 financial statements;
- 5 (e) whether the prices of Marqeta's common stock during the Class Period were  
6 artificially inflated because of the Defendants' conduct complained of herein; and
- 7 (f) whether the members of the Class have sustained damages and, if so, what is the  
8 proper measure of damages.

9 56. A class action is superior to all other available methods for the fair and efficient  
10 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as  
11 the damages suffered by individual Class members may be relatively small, the expense and  
12 burden of individual litigation make it impossible for members of the Class to individually redress  
13 the wrongs done to them. There will be no difficulty in the management of this action as a class  
14 action.

15 **COUNT I**

16 ***Against All Defendants for Violations of***  
17 ***Section 10(b) and Rule 10b-5 Promulgated Thereunder***

18 57. Plaintiff repeats and realleges each and every allegation contained above as if fully  
19 set forth herein.

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

22 59. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and  
23 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,  
24 practices and courses of business which operated as a fraud and deceit upon. Plaintiff and the  
25 other members of the Class; made various untrue statements of material facts and omitted to state  
26 material facts necessary in order to make the statements made, in light of the circumstances under  
27 which they were made, not misleading; and employed devices, schemes and artifices to defraud  
28 in connection with the purchase and sale of securities. Such scheme was intended to, and,

1 throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other  
2 Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Marqeta  
3 common stock; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise  
4 acquire Marqeta's securities at artificially inflated prices. In furtherance of this unlawful scheme,  
5 plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

6 60. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the  
7 defendants participated directly or indirectly in the preparation and/or issuance of the quarterly  
8 and annual reports, SEC filings, press releases and other statements and documents described  
9 above, including statements made to securities analysts and the media that were designed to  
10 influence the market for Marqeta's securities. Such reports, filings, releases and statements were  
11 materially false and misleading in that they failed to disclose material adverse information and  
12 misrepresented the truth about the Company.

13 61. By virtue of their positions at the Company, Defendants had actual knowledge of  
14 the materially false and misleading statements and material omissions alleged herein and intended  
15 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants  
16 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose  
17 such facts as would reveal the materially false and misleading nature of the statements made,  
18 although such facts were readily available to Defendants. Said acts and omissions of defendants  
19 were committed willfully or with reckless disregard for the truth. In addition, each defendant  
20 knew or recklessly disregarded that material facts were being misrepresented or omitted as  
21 described above.

22 62. Information showing that Defendants acted knowingly or with reckless disregard  
23 for the truth is peculiarly within defendants' knowledge and control. As the senior managers  
24 and/or directors of the Company, the Individual Defendants had knowledge of the details of  
25 Marqeta's internal affairs.

26 63. The Individual Defendants are liable both directly and indirectly for the wrongs  
27 complained of herein. Because of their positions of control and authority, the Individual  
28 Defendants were able to and did, directly or indirectly, control the content of the statements of

1 the Company. As officers and/or directors of a publicly-held company, the Individual Defendants  
2 had a duty to disseminate timely, accurate, and truthful information with respect to Marqeta's  
3 businesses, operations, future financial condition and future prospects. As a result of the  
4 dissemination of the aforementioned false and misleading reports, releases and public statements,  
5 the market price of Marqeta's common stock was artificially inflated throughout the Class Period.  
6 In ignorance of the adverse facts concerning the Company which were concealed by Defendants,  
7 Plaintiff and the other members of the Class purchased or otherwise acquired Marqeta's common  
8 stock at artificially inflated prices and relied upon the price of the common stock, the integrity of  
9 the market for the common stock and/or upon statements disseminated by Defendants, and were  
10 damaged thereby.

11         64. During the Class Period, Marqeta's common stock was traded on an active and  
12 efficient market. Plaintiff and the other members of the Class, relying on the materially false and  
13 misleading statements described herein, which the defendants made, issued or caused to be  
14 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares  
15 of Marqeta's common stock at prices artificially inflated by defendants' wrongful conduct. Had  
16 Plaintiff and the other members of the Class known the truth, they would not have purchased or  
17 otherwise acquired said common stock, or would not have purchased or otherwise acquired them  
18 at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff  
19 and the Class, the true value of Marqeta's common stock was substantially lower than the prices  
20 paid by Plaintiff and the other members of the Class. The market price of Marqeta's common  
21 stock declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff  
22 and Class members.

23         65. By reason of the conduct alleged herein, Defendants knowingly or recklessly,  
24 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5  
25 promulgated thereunder.

26         66. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the  
27 other members of the Class suffered damages in connection with their respective purchases,  
28 acquisitions and sales of the Company's common stock during the Class Period, upon the

1 disclosure that the Company had been disseminating misrepresented financial statements to the  
2 investing public.

3 **COUNT II**

4 ***Against the Individual Defendants***  
5 ***for Violations of Section 20(a) of the Exchange Act***

6 67. Plaintiff repeats and realleges each and every allegation contained in the foregoing  
7 paragraphs as if fully set forth herein.

8 68. During the Class Period, the Individual Defendants participated in the operation  
9 and management of the Company, and conducted and participated, directly and indirectly, in the  
10 conduct of the Company's business affairs. Because of their senior positions, they knew the  
11 adverse non-public information about Marqeta's misstatements.

12 69. As officers and/or directors of a publicly owned company, the Individual  
13 Defendants had a duty to disseminate accurate and truthful information, and to correct promptly  
14 any public statements issued by Marqeta which had become materially false or misleading.

15 70. Because of their positions of control and authority as senior officers, the Individual  
16 Defendants were able to, and did, control the contents of the various reports, press releases and  
17 public filings which Marqeta disseminated in the marketplace during the Class Period concerning  
18 the misrepresentations. Throughout the Class Period, the Individual Defendants exercised their  
19 power and authority to cause Marqeta to engage in the wrongful acts complained of herein. The  
20 Individual Defendants therefore, were "controlling persons" of the Company within the meaning  
21 of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct  
22 alleged which artificially inflated the market price of Marqeta's common stock.

23 71. Each of the Individual Defendants, therefore, acted as a controlling person of the  
24 Company. By reason of their senior management positions and/or being directors of the  
25 Company, each of the Individual Defendants had the power to direct the actions of, and exercised  
26 the same to cause, Marqeta to engage in the unlawful acts and conduct complained of herein.  
27 Each of the Individual Defendants exercised control over the general operations of the Company  
28

1 and possessed the power to control the specific activities which comprise the primary violations  
2 about which Plaintiff and the other members of the Class complain.

3 72. By reason of the above conduct, the Individual Defendants and/or Marqeta are  
4 liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the  
5 Company.

6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiff demand judgment against defendants as follows:

8 A. Determining that the instant action may be maintained as a class action under Rule  
9 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representatives;

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

12 C. Awarding Plaintiff and the other members of the Class pre-judgment and post-  
13 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

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

15 **DEMAND FOR TRIAL BY JURY**

16 Plaintiff hereby demands a trial by jury.

17 Dated: December 10, 2024  
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