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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION**

\_\_\_\_\_, Individually and on  
Behalf of All Others Similarly  
Situated,

Plaintiff,

**CLASS ACTION COMPLAINT**

v.

**JURY TRIAL DEMANDED**

LOANDEPOT, INC., ANTHONY  
HSIEH, PATRICK FLANAGAN,  
NICOLE CARRILLO, ANDREW C.  
DODSON, JOHN C. DORMAN, BRIAN  
P. GOLSON, DAWN LEPORE,  
GOLDMAN SACHS & CO. LLC,  
BOFA SECURITIES, INC., CREDIT  
SUISSE SECURITIES (USA) LLC,  
MORGAN STANLEY & CO. LLC,  
BARCLAYS CAPITAL INC.,  
CITIGROUP GLOBAL MARKET INC.,  
JEFFERIES LLC, UBS SECURITIES  
LLC, WILLIAM BLAIR & COMPANY,  
L.L.C., JMP SECURITIES LLC, PIPER  
SANDLER & CO., RAYMOND JAMES

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& ASSOCIATES, INC., NOMURA  
SECURITIES INTERNATIONAL,  
INC., AMERIVET SECURITIES, INC.,  
and DOES 1 through 100, inclusive,

Defendants.

1 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others  
2 similarly situated, by Plaintiff’s undersigned attorneys, alleges the following based  
3 upon personal knowledge, as to Plaintiff and Plaintiff’s own acts, and upon information  
4 and belief, as to all other matters, based on the investigation conducted by and through  
5 Plaintiff’s attorneys, which included, among other things, a review of U.S. Securities  
6 and Exchange Commission (“SEC”) filings, analyst reports, media reports, and other  
7 publicly-available information. Plaintiff’s investigation into the matters alleged herein  
8 is continuing and many relevant facts are known only to, or are exclusively within the  
9 custody and control of, the Defendants (defined below). Plaintiff believes that  
10 substantial additional evidentiary support will exist for the allegations set forth herein  
11 after a reasonable opportunity for discovery.

12 **NATURE OF THE ACTION**

13 1. This is a securities class action on behalf of all persons and entities who  
14 purchased or acquired shares of loanDepot, Inc. (“loanDepot” or the “Company”)  
15 pursuant or traceable to the Company’s Registration Statement and Prospectus  
16 (together, the “Offering Documents”) issued in connection with the Company’s  
17 February 16, 2021 initial public offering (the “IPO” or the “Offering”), seeking to  
18 pursue remedies under Sections 11 and 15 of the Securities Act of 1933 (the “Securities  
19 Act”).

20 2. Plaintiff alleges that the Registration Statement and Prospectus  
21 incorporated therein (collectively, the “Registration Statement”) issued in connection  
22 with the IPO contained materially incorrect or misleading statements and/or omitted  
23 material information that was required to be disclosed. loanDepot is strictly liable for  
24 such misstatements and omissions therefrom, as are the defendants who signed the  
25 Registration Statement, the underwriters, and the controlling entities and persons.  
26 Plaintiff expressly disclaims any allegation that could be construed as alleging fraud or  
27 intentional or reckless misconduct.

1           3.       In its IPO, loanDepot sold 3,850,000 shares of its Class A common stock  
2 to the public at a price of \$14.00 per share for total proceeds of approximately \$54  
3 million, net of underwriting discounts and commissions. The underwriters were paid  
4 commissions of at least \$3,234,000 for conducting their purported due diligence and  
5 selling loanDepot stock to the public in connection with the IPO.

6           4.       On November 11, 2021, the Company filed its Prospectus on Form 424B4  
7 with the SEC, which forms part of the Registration Statement.

8           5.       loanDepot’s Prospectus issued in connection with the IPO described the  
9 Company as follows:

10                   “loanDepot is a customer-centric, technology-empowered  
11 residential mortgage platform with a widely recognized  
12 consumer brand. We launched our business in 2010 to  
13 disrupt the legacy mortgage industry and make obtaining  
14 a mortgage a positive experience for consumers. We have  
15 built a leading technology platform designed around the  
16 consumer that has redefined the mortgage process. Our  
17 digital-first approach has allowed us to become one of the  
18 fastest-growing, at-scale mortgage originators in the U.S.  
19 We are the second largest retail-focused non-bank  
20 mortgage originator and the fifth largest overall retail  
21 originator, according to Inside Mortgage Finance. ... Our  
22 innovative culture and contemporary consumer brand  
23 represent key differentiators for loanDepot. We have  
24 fostered an entrepreneurial mindset and relentlessly  
25 deliver an exceptional experience to our customers. Our  
26 guiding principle is to delight our customers by exceeding  
27 their expectations. ... We are a data driven company. We  
28

1 utilize data from lead acquisition, digital marketing, in-  
2 market relationships, and our servicing portfolio to  
3 identify and acquire new customers and retain our existing  
4 customers. During the last twelve months, we have  
5 analyzed, enriched, and optimized more than 9 million  
6 customer leads with a deep understanding of each  
7 potential customer’s financial profile and needs. We also  
8 maintain mello DataMart, an extensive proprietary data  
9 warehouse of over 38 million contacts generated over our  
10 ten-year history. Our predictive analytics, machine  
11 learning and artificial intelligence drive optimized lead  
12 performance. ...Our national brand along with our  
13 expertise in digital marketing, big data and marketing  
14 analytics, not only drives new customer acquisition, but  
15 also maximizes retention and customer lifetime value. We  
16 leverage these capabilities to “recapture” existing  
17 customers for subsequent refinance and purchase  
18 transactions. ...Our platform and technology create a  
19 significant financial advantage. Our brand effectiveness  
20 and marketing capabilities optimize our customer  
21 acquisition costs, and our automation reduces unnecessary  
22 expenses throughout the origination process. We are able  
23 to scale quickly and efficiently which allows us to grow  
24 both transaction volume and profitability.”

25  
26 6. The Registration Statement was negligently prepared and omitted to  
27 disclose material adverse facts. Specifically, Defendants failed to disclose to investors:  
28 (1) that the Company’s refinance originations had already declined substantially at the

1 time of the IPO due to industry over-capacity and increased competition; (2) that the  
2 Company's gain-on-sale margins had already declined substantially at the time of the  
3 IPO; (3) that, as a result, the Company's revenue and growth would be negatively  
4 impacted; and (4) that, as a result of the foregoing, Defendants' positive statements  
5 about the Company's business, operations, and prospects were materially misleading  
6 and/or lacked a reasonable basis.

7 7. By August 17, 2021, loanDepot's stock fell to \$8.07 per share, a more  
8 than 42% decline from the IPO price, having plummeted in response to information  
9 reflecting the materialization of significant risks misrepresented and omitted from the  
10 Registration Statement as alleged herein.

#### 11 **JURISDICTION AND VENUE**

12 8. This Court has subject matter jurisdiction over this action pursuant to §10  
13 and §22 of the Securities Act, 15 U.S.C. §77v. The claims alleged herein arise under  
14 §§11 and 15 of the Securities Act. *See* 15 U.S.C. §§77k, 77l(a)(2), and 77o,  
15 respectively.

16 9. This Court has personal jurisdiction over each Defendant named herein  
17 because each conducted business in, resided in, and/or was a citizen of California at  
18 the time of the Offering and engaged in conduct giving rise to the claims asserted in  
19 this lawsuit in this District.

20 10. Venue is proper because many of the Defendants named herein reside in  
21 this County or have their principal office located in this County. Defendant Loan Depot  
22 is headquartered at 26642 Towne Centre Drive, Foothill Ranch, California 92610.

#### 23 **THE PARTIES**

##### 24 **A. Plaintiff**

25 11. Plaintiff \_\_\_\_\_ purchased loanDepot common stock pursuant and/or  
26 traceable to the Registration Statement and Prospectus issued in connection with the  
27 Company's IPO and has been damaged thereby. Plaintiff's transactions in the  
28

1 Company's stock during the Class Period are identified in the attached certification.  
2 Defendants solicited Plaintiff's purchase of loanDepot stock.

3 **B. LoanDepot and the Individual Defendants**

4 12. Defendant loanDepot. is a corporation with principal executive offices  
5 located at 26642 Towne Centre Drive Foothill Ranch, California. loanDepot's Class  
6 A common stock trades on the New York Stock Exchange ("NYSE") under the symbol  
7 "LDI."

8 13. Defendant Anthony Hsieh ("Hsieh") at all relevant times, was the founder,  
9 Chairman and Chief Executive Officer of the Company, and signed or authorized the  
10 signing of the Company's Registration Statement filed with the SEC. Hsieh is a  
11 resident of Orange County, California.

12 14. Defendant Patrick Flanagan ("Flanagan") at all relevant times, was the  
13 Chief Financial Officer of the Company, and signed or authorized the signing of the  
14 Company's Registration Statement filed with the SEC. Flanagan is a resident of  
15 Orange County, California.

16 15. Defendant Nicole Carrillo ("Carrillo") was, at all relevant times, the  
17 Executive Vice President of the Company, and signed or authorized the signing of the  
18 Company's Registration Statement filed with the SEC. Carrillo is also a resident of  
19 Orange County, California.

20 16. Defendant Andrew C. Dodson ("Dodson") at all relevant times, was a  
21 director of the Company, and signed a consent form dated January 11, 2021 authorizing  
22 his name to be included in the Company's Registration Statement filed with the SEC  
23 as a director nominee of loanDepot.

24 17. Defendant John C. Dorman ("Dorman") at all relevant times, was a  
25 director of the Company, and signed a consent form dated January 11, 2021 authorizing  
26 his name to be included in the Company's Registration Statement filed with the SEC  
27 as a director nominee of loanDepot.  
28

1 18. Defendant Brian P. Golson (“Golson”) at all relevant times, was a director  
2 of the Company, and signed a consent form dated January 11, 2021 authorizing his  
3 name to be included in the Company’s Registration Statement filed with the SEC as a  
4 director nominee of loanDepot.

5 19. Defendant Dawn Lepor (“Lepor”) at all relevant times, was a director of  
6 the Company, and signed a consent form dated January 11, 2021 authorizing his name  
7 to be included in the Company’s Registration Statement filed with the SEC as a director  
8 nominee of loanDepot.

9 20. The Defendants named above in ¶¶13-19 are collectively referred to  
10 herein as the  
11 “Individual Defendants.”

12 **C. The Underwriter Defendants**

13  
14 21. The following underwriters participated in the IPO, including the  
15 roadshows, due diligence, solicitation of the purchase of loanDepot stock by the public,  
16 and/or assistance in the preparation of the Offering Documents. Each underwriter  
17 agreed to purchase the number of shares indicated in the following table. Goldman  
18 Sachs & Co. LLC, BofA Securities, Inc., Credit Suisse Securities (USA) LLC and  
19 Morgan Stanley & Co. LLC were the representatives of the underwriters.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman Sachs & Co. LLC	777,219
BofA Securities, Inc.	688,989
Credit Suisse Securities (USA) LLC	688,989
Morgan Stanley & Co. LLC	688,989
Barclays Capital Inc.	180,870
Citigroup Global Markets Inc.	180,870
Jefferies LLC	180,870
UBS Securities LLC	180,870
William Blair & Company, L.L.C.	92,640
JMP Securities LLC	46,938
Piper Sandler & Co.	46,938
Raymond James & Associates, Inc.	46,938
Nomura Securities International, Inc.	38,291
AmeriVet Securities, Inc..	10,589
<b>Total</b>	<b>3,850,000</b>



1           22.     The Underwriter Defendants also had an over-allotment, or “greenshoe”  
2 option, to buy an additional 577,500 shares. Upon information and belief, the  
3 Underwriters exercised that option and a total of 577,500 shares were sold to the public  
4 by the Company and Underwriters in the IPO.

5           23.     Defendant Goldman Sachs & Co. LLC (“Goldman Sachs”) was an  
6 underwriter of the Company’s Offering, serving as a financial advisor for and assisting  
7 in the preparation and dissemination of the Company’s false and misleading  
8 Registration Statement and Prospectus. Goldman Sachs acted as a representative of all  
9 the underwriters. Goldman Sachs also participated in conducting and promoting the  
10 roadshow for the Offering and paying for the expenses of the Individual Defendants  
11 who participated in the roadshow, including lodging and travel, among other expenses.  
12 Goldman Sachs’ participation in the solicitation of the Offering was motivated by its  
13 financial interests. Defendant Goldman Sachs conducts business in the state of  
14 California and has offices in Orange County, including an office at 8105 Irvine Center  
15 Drive, Suite 560, Irvine, California 92618.

16           24.     Defendant BofA Securities, Inc., (“BofA”) was an underwriter of the  
17 Company’s Offering, serving as a financial advisor for and assisting in the preparation  
18 and dissemination of the Company’s false and misleading Registration Statement and  
19 Prospectus. BofA acted as a representative of all the underwriters. BofA also  
20 participated in conducting and promoting the roadshow for the Offering and paying for  
21 the expenses of the Individual Defendants who participated in the roadshow, including  
22 lodging and travel, among other expenses. BofA’s participation in the solicitation of  
23 the Offering was motivated by its financial interests. Defendant BofA conducts  
24 business in the state of California and has offices in this District.

25           25.     Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) was an  
26 underwriter of the Company’s Offering, serving as a financial advisor for and assisting  
27 in the preparation and dissemination of the Company’s false and misleading  
28 Registration Statement and Prospectus. Credit Suisse acted as a representative of all

1 the underwriters. Credit Suisse also participated in conducting and promoting the  
2 roadshow for the Offering and paying for the expenses of the Individual Defendants  
3 who participated in the roadshow, including lodging and travel, among other expenses.  
4 Credit Suisse's participation in the solicitation of the Offering was motivated by its  
5 financial interests. Defendant Credit Suisse conducts business in the state of California.

6         26. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") was an  
7 underwriter of the Company's Offering, serving as a financial advisor for and assisting  
8 in the preparation and dissemination of the Company's false and misleading  
9 Registration Statement and Prospectus. Morgan Stanley acted as a representative of  
10 all the underwriters. Morgan Stanley also participated in conducting and promoting  
11 the roadshow for the Offering and paying for the expenses of the Individual Defendants  
12 who participated in the roadshow, including lodging and travel, among other expenses.  
13 Morgan Stanley's participation in the solicitation of the Offering was motivated by its  
14 financial interests. Defendant Morgan Stanley conducts business in the state of  
15 California and has offices in this District at 800 Newport Center Dr., Ste 500, Newport  
16 Beach, CA 92660.

17         27. Defendant Barclays Capital Inc. ("Barclays") was an underwriter of the  
18 Company's Offering, serving as a financial advisor for and assisting in the preparation  
19 and dissemination of the Company's false and misleading Registration Statement and  
20 Prospectus. Barclays also participated in conducting and promoting the roadshow for  
21 the Offering and paying for the expenses of the Individual Defendants who participated  
22 in the roadshow, including lodging and travel, among other expenses. Barclays's  
23 participation in the solicitation of the Offering was motivated by its financial interests.  
24 Defendant Barclays conducts business in the state of California and has offices at  
25 10250 Constellation Boulevard, 24th Floor, Los Angeles, CA 90067.

26         28. Defendant Citigroup Global Markets Inc. ("Citigroup") was an  
27 underwriter of the Company's Offering, serving as a financial advisor for and assisting  
28 in the preparation and dissemination of the Company's false and misleading

1 Registration Statement and Prospectus. Citigroup also participated in conducting and  
2 promoting the roadshow for the Offering and paying for the expenses of the Individual  
3 Defendants who participated in the roadshow, including lodging and travel, among  
4 other expenses. Citigroup's participation in the solicitation of the Offering was  
5 motivated by its financial interests. Defendant Citigroup conducts business in the state  
6 of California.

7 29. Defendant Jefferies LLC ("Jefferies") was an underwriter of the  
8 Company's Offering, serving as a financial advisor for and assisting in the preparation  
9 and dissemination of the Company's false and misleading Registration Statement and  
10 Prospectus. Jefferies also participated in conducting and promoting the roadshow for  
11 the Offering and paying for the expenses of the Individual Defendants who participated  
12 in the roadshow, including lodging and travel, among other expenses. Jefferies's  
13 participation in the solicitation of the Offering was motivated by its financial interests.  
14 Defendant Jefferies conducts business in the state of California.

15 30. Defendant UBS Securities LLC ("UBS") was an underwriter of the  
16 Company's Offering, serving as a financial advisor for and assisting in the preparation  
17 and dissemination of the Company's false and misleading Registration Statement and  
18 Prospectus. UBS also participated in conducting and promoting the roadshow for the  
19 Offering and paying for the expenses of the Individual Defendants who participated in  
20 the roadshow, including lodging and travel, among other expenses. UBS's participation  
21 in the solicitation of the Offering was motivated by its financial interests. Defendant  
22 Barclays conducts business in the state of California and has offices at 20 Pacifica,  
23 Suite 1500, Irvine, CA 92618.

24 31. Defendant William Blair & Company, L.L.C. ("William Blair") was an  
25 underwriter of the Company's Offering, serving as a financial advisor for and assisting  
26 in the preparation and dissemination of the Company's false and misleading  
27 Registration Statement and Prospectus. William Blair also participated in conducting  
28 and promoting the roadshow for the Offering and paying for the expenses of the

1 Individual Defendants who participated in the roadshow, including lodging and travel,  
2 among other expenses. William Blair’s participation in the solicitation of the Offering  
3 was motivated by its financial interests. Defendant William Blair conducts business in  
4 the State of California.

5 32. Defendant JMP Securities LLC (“JMP”) was an underwriter of the  
6 Company’s Offering, serving as a financial advisor for and assisting in the preparation  
7 and dissemination of the Company’s false and misleading Registration Statement and  
8 Prospectus. JMP also participated in conducting and promoting the roadshow for the  
9 Offering and paying for the expenses of the Individual Defendants who participated in  
10 the roadshow, including lodging and travel, among other expenses. JMP’s participation  
11 in the solicitation of the Offering was motivated by its financial interests. Defendant  
12 JMP conducts business in the State of California.

13 33. Defendant Piper Sandler & Co. (“Piper Sandler”) was an underwriter of  
14 the Company’s Offering, serving as a financial advisor for and assisting in the  
15 preparation and dissemination of the Company’s false and misleading Registration  
16 Statement and Prospectus. Piper Sandler also participated in conducting and promoting  
17 the roadshow for the Offering and paying for the expenses of the Individual Defendants  
18 who participated in the roadshow, including lodging and travel, among other expenses.  
19 Piper Sandler’s participation in the solicitation of the Offering was motivated by its  
20 financial interests. Defendant Piper Sandler conducts business in the State of  
21 California.

22 34. Defendant Raymond James & Associates, Inc. (“Raymond James”) was  
23 an underwriter of the Company’s Offering, serving as a financial advisor for and  
24 assisting in the preparation and dissemination of the Company’s false and misleading  
25 Registration Statement and Prospectus. Raymond James also participated in  
26 conducting and promoting the roadshow for the Offering and paying for the expenses  
27 of the Individual Defendants who participated in the roadshow, including lodging and  
28 travel, among other expenses. Raymond James’s participation in the solicitation of the

1 Offering was motivated by its financial interests. Defendant Raymond James conducts  
2 business in the State of California.

3 35. Defendant Nomura Securities International, Inc. (“Nomura”) was an  
4 underwriter of the Company’s Offering, serving as a financial advisor for and assisting  
5 in the preparation and dissemination of the Company’s false and misleading  
6 Registration Statement and Prospectus. Nomura also participated in conducting and  
7 promoting the roadshow for the Offering and paying for the expenses of the Individual  
8 Defendants who participated in the roadshow, including lodging and travel, among  
9 other expenses. Nomura’s participation in the solicitation of the Offering was  
10 motivated by its financial interests. Defendant Nomura conducts business in the State  
11 of California.

12 36. Defendant AmeriVet Securities, Inc. (“AmeriVet”) was an underwriter of  
13 the Company’s Offering, serving as a financial advisor for and assisting in the  
14 preparation and dissemination of the Company’s false and misleading Registration  
15 Statement and Prospectus. AmeriVet also participated in conducting and promoting the  
16 roadshow for the Offering and paying for the expenses of the Individual Defendants  
17 who participated in the roadshow, including lodging and travel, among other expenses.  
18 AmeriVet’s participation in the solicitation of the Offering was motivated by its  
19 financial interests. Defendant AmeriVet conducts business in the state of California.

20 37. Defendants listed in ¶¶23-36 are collectively referred to herein as the  
21 “Underwriter Defendants.” LoanDepot, the Individual Defendants, and the  
22 Underwriter Defendants are collectively referred to herein as the “Defendants.”

23 38. Pursuant to the Securities Act, the Underwriter Defendants are liable for  
24 the false and misleading statements in the Offering’s Registration Statement and  
25 Prospectus. The Underwriter Defendants’ failure to conduct adequate due diligence  
26 investigations was a substantial factor leading to the harm complained of herein.

27 39. The Underwriter Defendants are primarily investment banking houses that  
28 specialize, *inter alia*, in underwriting public offerings of securities. As the underwriters

1 of the Offering, the Underwriter Defendants earned lucrative underwriting fees as a  
2 result of their participation in the Offering.

3 40. In addition, the Underwriter Defendants met with potential investors and  
4 presented highly favorable, but materially incorrect and/or materially misleading,  
5 information about the Company, its business, products, plans, and financial prospects,  
6 and/or omitted to disclose material information required to be disclosed under the  
7 federal securities laws and applicable regulations promulgated thereunder.

8 41. Representatives of the Underwriter Defendants also assisted the Company  
9 and Individual Defendants in planning the Offering. They further purported to conduct  
10 an adequate and reasonable investigation into the business, operations, products, and  
11 plans of the Company, an undertaking known as a “due diligence” investigation.  
12 During the course of their “due diligence,” the Underwriter Defendants had continual  
13 access to confidential corporate information concerning the Company’s business,  
14 financial condition, products, plans, and prospects.

15 42. In addition to having access to internal corporate documents, the  
16 Underwriter Defendants and/or their agents, including their counsel, had access to the  
17 Company’s lawyers, management, directors, and top executives to determine: (i) the  
18 strategy to best accomplish the Offering; (ii) the terms of the Offering, including the  
19 price at which the Company’s common stock would be sold; (iii) the language to be  
20 used in the Registration Statement; (iv) what disclosures about the Company would be  
21 made in the Registration Statement; and (v) what responses would be made to the SEC  
22 in connection with its review of the Registration Statement. As a result of those  
23 constant contacts and communications between the Underwriter Defendants’  
24 representatives and the Company’s management and top executives, at a minimum, the  
25 Underwriter Defendants should have known of the Company’s undisclosed existing  
26 problems and plans, and the material misstatements and omissions contained in the  
27 Registration Statement, as detailed herein.

28

1 43. The Underwriter Defendants caused the Registration Statement to be filed  
2 with the SEC and declared effective in connection with offers and sales of the  
3 Company's shares pursuant and/or traceable to the Offering and relevant offering  
4 materials, including to Plaintiff and the Class.

5 **D. Doe Defendants**

6 44. Various other individuals, partnerships, corporations, and other business  
7 entities, unknown to Plaintiff, have participated in the violations alleged herein and  
8 have performed acts and made statements in furtherance thereof. Because the true  
9 names and capacities of these defendants are unknown to Plaintiff, Plaintiff sues these  
10 defendants as Doe Defendants 1–100. Plaintiff will amend the complaint to show the  
11 true names and capacities of these defendants when they have been ascertained.

12 45. Plaintiff is informed and believes, and on that basis alleges, that each of  
13 the fictitiously-named defendants is responsible in some manner for the occurrences  
14 herein alleged, and that Plaintiff's injuries as herein alleged were proximately caused  
15 by conduct of these fictitiously-named defendants. Among other things, the Doe  
16 Defendants participated in the making of false and misleading statements in the  
17 Offering Documents, were control persons, and/or solicited the purchase of stock by  
18 Class Members in the IPO.

19  
20 **SUBSTANTIVE ALLEGATIONS**

21 46. loanDepot is an independent retail mortgage lender that provides  
22 residential loans, refinance loans, and personal loan products nationwide. The  
23 Prospectus for the Company's IPO described the Company's business as follows:

24 loanDepot is a customer-centric, technology-empowered  
25 residential mortgage platform with a widely recognized  
26 consumer brand. We launched our business in 2010 to disrupt  
27 the legacy mortgage industry and make obtaining a mortgage  
28 a positive experience for consumers. We have built a leading  
technology platform designed around the consumer that has

1 redefined the mortgage process. Our digital-first approach  
2 has allowed us to become one of the fastest-growing, at-scale  
3 mortgage originators in the U.S. ...

4 Consumer-facing industries continue to be disrupted by  
5 technological innovation. The mortgage industry is no  
6 different with consumers expecting increased levels of  
7 convenience and speed. *The residential mortgage market in  
8 the U.S. is massive—with approximately \$11.0 trillion of  
9 mortgages outstanding as of September 30, 2020—and is  
10 largely served by legacy mortgage originators, which  
11 require consumers to navigate time-consuming and paper-  
12 based processes to apply for and obtain mortgage loans.  
13 mello®*, our proprietary end-to-end technology platform,  
14 combined with our differentiated data analytics capabilities  
15 and nationally recognized consumer brand, uniquely  
16 positions us to capitalize on the ongoing shift towards  
17 at-scale, digitally-enabled platforms. ...

18 *Our innovative culture and contemporary consumer brand*  
19 *represent key differentiators for loanDepot.* We have  
20 fostered an entrepreneurial mindset and relentlessly deliver  
21 an exceptional experience to our customers. Our guiding  
22 principle is to delight our customers by exceeding their  
23 expectations.

24 We are a data driven company. We utilize data from lead  
25 acquisition, digital marketing, in-market relationships, and  
26 our servicing portfolio to identify and acquire new customers  
27 and retain our existing customers. During the last twelve  
28 months, we have analyzed, enriched, and optimized more  
than 9 million customer leads with a deep understanding of  
each potential customer’s financial profile and needs. We  
also maintain *mello DataMart*, an extensive proprietary data  
warehouse of over 38 million contacts generated over our  
ten-year history. Our predictive analytics, machine learning  
and artificial intelligence drive optimized lead performance.

We leverage our brand, technology and data to serve  
customers across our two interconnected strategies: Retail  
and Partner. Our Retail strategy focuses on directly reaching



1 consumers through a combination of digital marketing and  
2 more than 2,000 digitally-empowered licensed mortgage  
3 professionals. In our Partner strategy, we have established  
4 deep relationships with mortgage brokers, realtors, joint  
5 ventures with home builders, and other referral partners.  
6 These partnerships are valuable origination sources with  
7 lower customer acquisition costs. Our technology is a key  
8 component of the value proposition to these partner  
9 relationships, allowing us to integrate directly into our  
10 partners' native systems. We maintain integrated referral  
11 relationships with several leading brands, including a  
12 partnership with one of the 10 largest U.S. retail banks by  
13 total assets. During 2019, our Retail strategy produced 72%  
14 of our origination volume, with our Partner strategy  
15 representing the remaining 28%.

16 Our digital-first approach across our Retail and Partner  
17 strategies leverages the power of *mello*® to create a  
18 streamlined experience for consumers. Our predictive  
19 models route leads to the right loan officer at the right time  
20 to optimize the consumer's experience and best serve their  
21 needs. Based on each consumer's needs and preferences,  
22 leads are directed to in-house or in-market loan officers, team  
23 members at our centralized operations locations, or our  
24 digital self-service platform. Our in-market loan officers are  
25 able to leverage their long-term relationships as well as our  
26 proprietary *mello*® platform and loanDepot brand, driving  
27 improved profitability per loan officer.

28 Our national brand along with our expertise in digital  
marketing, big data and marketing analytics, not only drives  
new customer acquisition, but also maximizes retention and  
customer lifetime value. We leverage these capabilities to  
"recapture" existing customers for subsequent refinance and  
purchase transactions. ***Our recapture rates are among the  
highest in the industry — for the nine months ended  
September 30, 2020, our organic refinance consumer direct  
recapture rate was 61% highlighting the efficacy of our  
marketing efforts and the strength of our customer  
relationships. This compares to an industry average  
refinance recapture rate of only 18% for the three months***

1 *ended September 30, 2020* according to Black Knight  
2 Mortgage Monitor. In addition, we achieved an overall  
3 organic recapture rate of 47% for the nine months ended  
4 September 30, 2020. *Our recapture originations have lower  
5 customer acquisition costs than originations to new  
6 customers, positively impacting our profit margins.*

7 *We have significantly increased our originations market  
8 share from 1.0% in 2014 to 2.6% for the first nine months  
9 of 2020, and our strong consumer brand and proprietary  
10 technology platform have positioned us to continue gaining  
11 additional share.* Our Retail and Partner strategies have led  
12 to a balanced mix of purchase and refinance mortgages, with  
13 purchase originations representing 41% of total originations  
14 in 2019. We have a well-defined plan to accelerate this  
15 growth by expanding upon our technological and brand  
16 advantages, growing our market share in both purchase and  
17 refinance markets, and further increasing customer retention  
18 and lifetime value. Secular demographic and housing market  
19 tailwinds provide further support for our competitive  
20 advantages.

21 *Our platform and technology create a significant financial  
22 advantage.* Our brand effectiveness and marketing  
23 capabilities optimize our customer acquisition costs, and our  
24 automation reduces unnecessary expenses throughout the  
25 origination process. We are able to scale quickly and  
26 efficiently which allows us to grow both transaction volume  
27 and profitability. During the COVID-19 pandemic, our  
28 technology platform and culture enabled us to hire, train and  
onboard over 3,500 new team members remotely. Our  
growth and profitability during the last nine months is further  
evidence of the scalability of our platform and validates the  
investments we have made in our brand and our technology.  
*For the nine months ended September 30, 2020, we  
generated \$63.4 billion in originations (116% year-over-  
year growth), \$3.0 billion in revenue (227% year-over-year  
growth), \$1,465.9 million in net income and \$1,085.9  
million in adjusted net income, making us one of the  
fastest-growing and most profitable companies in our  
industry.*

47. Prior to the IPO, the Company was majority owned by founder and CEO Anthony Hsieh (61%) and 38% by Parthenon Capital, as reflected in the following chart:

Name of Beneficial Owner	Class A Common Stock Beneficially Owned after giving effect to the Reorganization Transactions (on a fully exchanged and converted basis) (1) (2)						Class D Common Stock Beneficially Owned after giving effect to the Reorganization Transactions (on a fully exchanged and converted basis) (1) (3)						Combined Voting Power (4)		
	Before This Offering		After This Offering		After This Offering & Option Exercise		Before This Offering		After This Offering		After This Offering & Option Exercise		Before This Offering	After This Offering	After This Offering & Option Exercise
	#	%	#	%	#	%	#	%	#	%	#	%	%	%	%
Entities affiliated with Parthenon Capital (5)	124,810	38.0%	123,309	37.0%	123,084	37.0%	121,368	37.0%	119,912	37.0%	119,694	37.0%	38.6%	38.5%	38.5%
<i>Executive Officers and Directors:</i>															
Anthony Hsieh (6)	130,837	40.0%	129,128	39.0%	128,872	39.0%	—	—	—	—	—	—	61.3%	61.1%	61.1%
Patrick Flanagan (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Jeff Walsh (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Jeffrey DerGurahian (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Brian Golson (8)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Andrew Dodson (8)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
John Dorman (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Dawn Lepore (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Nicole Carrillo (7)	—	—	—	—	—	—	—	—	—	—	—	—	—	*	—
Executive Officers and Directors as a group (9 person)	130,837	40.0%	129,128	39.0%	128,872	39.0%	—	—	—	—	—	—	61.3%	61.1%	61.1%

48. The Company's IPO was a means for the Company's controlling shareholder, Mr. Hsieh, and the Company's early partner and investor, Parthenon, to cash out their illiquid stock in the Company. Of the IPO proceeds, the Company's insiders (principally Hsieh and Parthenon) sold 1,456,000 shares of Class A Common Stock compared to 2,394,000 shares sold by the Company. Thus, the Company's insiders received approximately 38% of all proceeds from the IPO.

1           49.     In addition, shortly before the IPO, the Company’s insiders caused the  
2 Company to make large cash payments to them. In November 2020, the Company paid  
3 profit distributions of \$278.8 million to certain of its unitholders, namely Hsieh and  
4 Parthenon. In December 2020, the Company distributed \$71.1 million to the  
5 unitholders. In addition, shortly prior to the IPO, the Company’s related entity LD  
6 Holdings distributed an additional \$159 million to the unitholders. Moreover, on April  
7 30, 2021 the Company distributed an additional \$146.2 million to the unitholders.  
8 Thus, shortly before and/or after the IPO, *the Company’s insiders siphoned off over*  
9 *\$655 million in cash from the Company.*

10           50.     On November 12, 2020, the Company filed a draft Registration Statement  
11 on Form DRS with the SEC. On January 11, 2021, the Company filed a draft  
12 Registration Statement on Form S-1 with the SEC. Following several amendments  
13 made in response to comments received by the SEC, the SEC declared the Registration  
14 Statement effective on February 10, 2021. On February 16, 2021, loanDepot filed the  
15 Prospectus with the SEC. The Registration Statement and Prospectus were utilized in  
16 the Offering.

17           51.     Each of the Individual Defendants signed the Registration Statement or  
18 signed consent forms dated January 11, 2021 authorizing their names to be included in  
19 the Registration Statement as director nominees of loanDepot.

20           52.     On February 16, 2021, the Company filed its Prospectus with the SEC on  
21 Form 424B4.

22           53.     loanDepot thereafter announced the pricing of its initial public offering of  
23 3,850,000 Class A shares at a price of \$14 per share. The Company announced that its  
24 shares had been approved for listing on the NYSE under the symbol “LDI.”

25           54.     The Offering Documents used to effectuate the Company’s IPO were  
26 negligently prepared, and contained false and misleading statements and material  
27 omissions.

28

1           55. The Registration Statement stated that the Company’s “innovative  
2 technology” had allowed it realize significantly increased revenues and profitability:

3  
4           “We have demonstrated our ability to grow our business  
5 and market share, having grown from a de novo start-up  
6 in 2010 to the second largest non-bank retail originator in  
7 the U.S. with a 2.6% share of a \$11.0 trillion mortgage  
8 market as of September 30, 2020. We believe that we are  
9 well positioned to continue our market share growth  
10 through both our Retail strategy, where we have invested  
11 in our team members and technology to enable rapid  
12 scaling, and our Partner strategy, where independent  
13 brokers, in addition to joint venture and integrated referral  
14 partners, increasingly choose to work with us based on our  
15 reputation for excellent customer service and seamless  
16 user experiences. ***Our growth has accelerated in recent  
17 quarters as our long-term investments in brand  
18 marketing and innovative technology have helped us  
19 achieve industry-leading growth and profitability.***”

20           “We believe that ***continuing to make these investments  
21 will allow us to grow market share, increase customer  
22 retention and deliver enhanced returns that will  
23 ultimately enable a virtuous cycle of further investment  
24 and returns.***”

25           56. The Offering Documents contained the following chart representing to  
26 investors that loanDepot had experienced rapidly increasing loan origination growth:  
27  
28

**loanDepot Originations  
(\$ in billions)**



57. The Offering Documents also stated:

We've created a company that is built to serve customers throughout the entire loan transaction, from the onset of the purchase or refinance decision through loan closing and servicing. ***We now possess roughly 3% market share of annual mortgage origination volumes***, which makes up part of the \$11T total addressable market. Thanks to our brand investment over time, we are also one of the most recognized brands in the industry today. ***All of this gives us enormous runway.***

58. The Prospectus also stated:

***We*** originated \$79.4 billion of loans for the twelve months ended September 30, 2020 and ***experienced 116% year-over-year origination volume growth for the nine months ended September 30, 2020.***

59. In another section of the Offering Documents discussing potential competition, the Company represented that its brand and technology protected it against potential competition and that there were significant barriers to entry:

We believe that we are one of only two non-banks with a nationally-recognized consumer brand in the U.S. retail mortgage origination industry. Since the Company's launch in 2010, we have invested over \$1.2 billion in marketing and the promotion of our brand, and we believe there are

1 significant barriers-to-entry in creating a brand comparable  
2 to ours.

3 60. The Offering Documents also trumpeted loanDepot’s success in achieving  
4 higher-than-average recapture rates and profit margins in its industry, and stated that  
5 loanDepot was well-positioned to protect its high profit margins:

6 *Our recapture rates are among the highest in the industry*—for  
7 the nine months ended September 30, 2020, *our organic*  
8 *refinance consumer direct recapture rate was 61% highlighting*  
9 *the efficacy of our marketing efforts and the strength of our*  
10 *customer relationships. This compares to an industry average*  
11 *refinance recapture rate of only 18%* for the three months ended  
12 September 30, 2020 according to Black Knight Mortgage  
13 Monitor. In addition, we achieved an overall organic recapture  
14 rate of 47% for the nine months ended September 30, 2020. Our  
15 recapture originations have lower customer acquisition costs  
16 than originations to new customers, positively impacting our  
17 profit margins.

18 61. The Prospectus also stated that loanDepot had significantly increased its  
19 market share and was well-positioned to protect and grow that market share through its  
20 proprietary “platform and technology” which supposedly gave loan Depot a  
21 “significant financial advantage”:

22 *We have significantly increased our originations market*  
23 *share from 1.0% in 2014 to 2.6% for the first nine*  
24 *months of 2020, and our strong consumer brand and*  
25 *proprietary technology platform have positioned us to*  
26 *continue gaining additional share.* Our Retail and Partner  
27 strategies have led to a balanced mix of purchase and  
28 refinance mortgages, with purchase originations

1 representing 41% of total originations in 2019. *We have a*  
2 *well-defined plan to accelerate this growth* by expanding  
3 upon our technological and brand advantages, growing our  
4 market share in both purchase and refinance markets, and  
5 further increasing customer retention and lifetime value.  
6 Secular demographic and housing market tailwinds  
7 provide further support for our competitive advantages.

8 *Our platform and technology create a significant*  
9 *financial advantage.* Our brand effectiveness and  
10 marketing capabilities optimize our customer acquisition  
11 costs, and our automation reduces unnecessary expenses  
12 throughout the origination process. We are able to scale  
13 quickly and efficiently which allows us to grow both  
14 transaction volume and profitability. During the COVID-  
15 19 pandemic, our technology platform and culture enabled  
16 us to hire, train and onboard over 3,500 new team  
17 members remotely. Our growth and profitability during  
18 the last nine months is further evidence of the scalability  
19 of our platform and validates the investments we have  
20 made in our brand and our technology. For the nine  
21 months ended September 30, 2020, we generated \$63.4  
22 billion in originations (116% year-over-year growth), \$3.0  
23 billion in revenue (227% year-over-year growth),  
24 \$1,465.9 million in net income and \$1,085.9 million in  
25 adjusted net income, making us one of the fastest-growing  
26 and most profitable companies in our industry.  
27  
28



1           62.    The Offering Documents represented the following with respect to the  
2 Company’s gain-on-sale margins:

3                   While the financial markets have demonstrated significant  
4 volatility due to the economic impacts of COVID-19, interest  
5 rates have fallen to historic lows resulting in increased mortgage  
6 refinance originations and favorable margins. Our efficient and  
7 scalable platform has enabled us to respond quickly to the  
8 increased market demand. Market demand in 2020 was driven by  
9 a prolonged period of historically low interest rates. This demand  
10 contributed to gain on sale margins reaching levels that the  
11 Company does not believe will be sustained in future years and  
12 could result in decreases in revenue.

13           63.    This statement was false and misleading because the Company was  
14 already experiencing lower gain-on-sale margins. Instead of disclosing this existing  
15 fact, the Offering Documents falsely stated that gain-on-sale margins and revenues  
16 could be impacted “in future years.” Including a misleading disclosure that margins  
17 and revenues could be impacted in “future years” when in fact the margins and  
18 revenues *were already been adversely affected* and would continue to be affected in  
19 the very next quarter (not year) was itself a false and misleading statement.

20           64.    The representations in the Offering Documents were also false and  
21 misleading because, at the time of the IPO, loanDepot was already experiencing  
22 significantly increased competition, greatly reduced originations, and lower gain-on-  
23 sale margins. Neither loanDepot’s supposedly proprietary technology or platform or  
24 other touted advantages were proving successful in fighting this competition. Instead,  
25 Defendants concealed from the Offering Documents the fact that loanDepot was being  
26 forced to lower prices/rates in order to combat the significantly increased competition,  
27 which was leading and would inexorably lead to lower margins and profits. In addition,  
28 its efforts to protect its market share by reducing prices/rates were not enough to protect

1 its loan originations, which were declining and thus leading to reduced revenues.  
2 loanDepot failed to disclose these material facts in the Offering Documents, thus  
3 making the statements above misleading.

4 65. Indeed, when loanDepot announced disappointing Q2 2021 results on  
5 August 3, 2021, Defendant Hsieh admitted that everything about loanDepot's business  
6 is "highly predictable" and thus that loanDepot had perfect visibility at the time of the  
7 IPO as to where its business was and was going. On the conference call with analysts  
8 to discuss loanDepot's Q2 2021 earnings on August 3, 2021, Defendant Hsieh stated:

9 **[Anthony Hsieh]:** "James, this is certainly not our first rodeo. *Everything here*  
10 *is highly predictable. There's been very, very little surprise.*"

11 66. loanDepot never disclosed this information in the Offering Documents.  
12 This omitted information was material because the Company's loan originations,  
13 growth rate, and margins were highly material to investors. Indeed, the entire business  
14 of loanDepot is loan originations and loan refinancing and thus the misrepresentations  
15 and omissions alleged herein concerned the Company's core (and only) product.

16 67. LoanDepot had its lawyers craft boilerplate disclosures that it could use  
17 in the future to try to argue that the undisclosed facts were actually disclosed. The  
18 following generic and misleading disclosure in the Offering Documents was included  
19 by loanDepot for exactly this purpose:

20 "Our loan originations, particularly our refinance mortgage loan  
21 volume, are dependent on interest rates and are expected to  
22 decline *if interest rates increase*. Our loan origination activities  
23 are also subject to overall market factors that can impact our  
24 ability to grow our loan production volume. For example,  
25 *increased competition* from new and existing market  
26 participants, slow growth in the level of new home purchase  
27 activity or reductions in the overall level of refinancing activity  
28 *can impact our ability to continue to grow our loan origination*

1                    *volume, and we may be forced to accept lower margins in order*  
2                    *to continue to compete and keep our volume of activity*  
3                    *consistent with past or projected levels.*

4            68.    This alleged disclosure was itself false and misleading. Telling investors  
5 that potential, theoretical increased competition “could” impact revenues and margins  
6 is a far cry from telling investors that the company *was already experiencing*  
7 significantly increased competition that had already forced it to accept lower margins  
8 in order to stave off such competition. Moreover, interest rates did not increase from  
9 the time of the IPO to the Company’s announcement of significantly reduced revenues  
10 and margins in Q2 2021 (less than six months after the IPO). Interest rates stayed flat  
11 and even were lowered during this time period. Thus, the Company’s boilerplate  
12 alleged disclosures in the Offering Documents actually misled investors rather than  
13 warning them about known, existing facts, as Defendants had an obligation to do under  
14 the federal securities laws.

15            69.    Rather than disclose the known, existing adverse facts, the Offering  
16 Documents repeatedly touted the fact that the Company had been extremely successful  
17 (even during Covid) of increasing market share, profit margins, and staving off  
18 competition:

19            70.    “While the financial markets have demonstrated significant volatility due  
20 to the economic impacts of COVID-19, interest rates have fallen to historic lows  
21 resulting in increased mortgage refinance originations and favorable margins. Our  
22 efficient and scalable platform has enabled us to respond quickly to the increased  
23 market demand. We have highlighted below the key steps we have undertaken since  
24 the onset of the pandemic to position our platform for continued success:

- 25            • Maintained higher liquidity levels from an increase in cash from  
26            retained earnings.
- 27            • Increased our total loan funding capacity with our current lending  
28            partners.

- 1 • Stepped up protocols related to verification of key metrics such as  
2 employment and income to ensure the highest quality underwriting  
standards are maintained.
- 3 • Transitioned our workforce to working remotely as of March 19,  
4 2020.”<sup>1</sup>

5 71. The Company’s Offering Documents represented that the Company was  
6 experiencing rapid growth in revenues and margins and that the Company’s business,  
7 performance, prospects and products were well-positioned to continue such high  
8 growth rate and margins, while omitting these known trends and facts that had already  
9 had a materially unfavorable impact on the Company’s revenues and business at the  
10 time of the IPO. *See* Item 303 of SEC Reg. S-K, 17 C.F.R. §229.303(a)(3)(ii)  
11 (requiring that the materials incorporated in a registration statement disclose all  
12 “known trends or uncertainties” reasonably expected to have a material, unfavorable  
13 impact on a company’s operations).

14 72. The Registration Statement contained pages and pages of numerous  
15 generalized possible “Risk Factors” that might occur and “[i]n case” they did actually  
16 occur, then loanDepot’s financial condition and results of operation “*could* be  
17 adversely affected.” Those statements were false or misleading and omitted material  
18 information for the reasons stated above in paragraph 68.

19 73. The statements identified above that the Company made in the Offering  
20 Documents were materially false and misleading when made because, in addition to  
21 what was stated above, they failed to disclose:

- 22 a. that the Company’s refinance originations had already declined  
23 substantially at the time of the IPO due to industry over-capacity and  
24 increased competition;
- 25 b. that the Company’s gain-on-sale margins had already declined  
26 substantially at the time of the IPO;

27  
28 <sup>1</sup> See Prospectus at p. 106.

- 1 c. that, as a result, the Company’s revenue and growth would be  
2 negatively impacted;
- 3 d. that the Company had already been forced to embark on a significant  
4 expense reduction plan due to the significantly lower growth and  
5 refinance originations that the Company was experiencing;
- 6 e. that, as a result of the foregoing, Defendants’ positive statements about  
7 the Company’s business, operations, and prospects were materially  
8 misleading and/or lacked a reasonable basis; and
- 9 f. that the Company’s business, prospects and ability to achieve growth  
10 had been materially impaired by the time of the IPO as a result of  
11 adverse industry, sales and earnings trends.

12 74. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R.  
13 §229.303(a)(3)(ii), required defendants to “[d]escribe any known trends or  
14 uncertainties that have had or that the registrant reasonably expects will have a material  
15 favorable or unfavorable impact on the sales or revenues or income from continuing  
16 operations.” Similarly, Item 503 of SEC Regulation S-K, 17 C.F.R. §229.503, requires,  
17 in the “Risk Factor” section of registration statements and prospectuses, “a discussion  
18 of the most significant factors that make the offering speculative or risky” and that each  
19 risk factor “adequately describes the risk.” The failure of the Registration Statement  
20 to disclose that the Company was experiencing adverse growth and earnings trends,  
21 including significantly increased competition in the market for loan originations,  
22 reduced gain-on-sale margins, and lower revenues, violated 17 C.F.R.  
23 §229.303(a)(3)(ii), because these undisclosed facts would (and did) have an  
24 unfavorable impact on the Company’s sales, revenues and income from continuing  
25 operations. This failure also violated 17 C.F.R. §229.503, because these specific risks  
26 were not adequately disclosed, or disclosed at all, even though they were some of the  
27 most significant factors that made an investment in shares of the Company’s common  
28 stock speculative or risky.

1 75. By August 17, 2021, loanDepot’s stock had declined 42% from its IPO  
2 after it disclosed disappointing Q2 2021 results and provided significantly lower  
3 guidance for its business.

4 76. At the time of the filing of this action, loanDepot’s stock was trading in  
5 the range of \$8 per share, having plummeted in response to information reflecting the  
6 materialization of significant risks misrepresented and omitted from the Registration  
7 Statement as alleged herein.

8 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

9 77. Plaintiff brings this action under California Code of Civil Procedure §382  
10 as a class action on behalf of a class consisting of all purchasers of loanDepot, Inc.  
11 common stock in and/or traceable to the Company’s IPO and who were damaged  
12 thereby (the “Class”). The Class Period is February 16, 2021 to the date of the filing  
13 of this complaint. Excluded from the Class are Defendants and their families, the  
14 officers and directors of the Company at all relevant times, members of their immediate  
15 families and their legal representatives, heirs, successors or assigns and any entity in  
16 which defendants have or had a controlling interest.

17 78. The members of the Class are so numerous that joinder of all members is  
18 impracticable. loanDepot sold at least 3,850,000 shares of its common stock in the  
19 IPO. While the exact number of Class members is unknown to Plaintiff at this time  
20 and can only be ascertained through appropriate discovery, Plaintiff believes that there  
21 are hundreds or thousands of members of the proposed Class. The members of the  
22 proposed Class may be identified from records maintained by loanDepot or its transfer  
23 agent and may be notified of the pendency of this action by mail, using customary  
24 forms of notice that are commonly used in securities class actions.

25 79. Plaintiff’s claims are typical of the claims of the members of the Class as  
26 all members of the Class are similarly affected by Defendants’ wrongful conduct.

27 80. Plaintiff will fairly and adequately protect the interests of the members of  
28

1 the Class and has retained counsel competent and experienced in class and securities  
2 litigation.

3 81. Common questions of law and fact exist as to all members of the Class  
4 and predominate over any questions solely affecting individual members of the Class.  
5 Among the questions of law and fact common to the Class are:

- 6 a. whether the federal securities laws were violated by Defendants' acts  
7 as alleged herein;
- 8 b. whether the Registration Statement and Prospectus contained  
9 materially false and misleading statements and omissions; and
- 10 c. to what extent Plaintiff and members of the Class have sustained  
11 damages and the proper measure of damages.

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

18 **FIRST CAUSE OF ACTION**

19 **Violation of §11 of the Securities Act Against**  
20 **loanDepot, the Individual Defendants and the Underwriter Defendants**

21 83. Plaintiff repeats and realleges each and every allegation contained above  
22 as if fully set forth herein.

23 84. This claim is brought pursuant to §11 of the Securities Act, 15 U.S.C.  
24 §77k, on behalf of the Class, against loanDepot, the Individual Defendants and the  
25 Underwriter Defendants.

26 85. The Registration Statement was inaccurate and misleading, contained  
27 untrue statements of material facts, omitted facts necessary to make the statements  
28

1 made therein not misleading, and omitted to state material facts required to be stated  
2 therein.

3 86. The Company is the issuer of the securities purchased by Plaintiff and the  
4 Class. As such, the Company is strictly liable for the materially inaccurate statements  
5 contained in the Registration Statement and the failure of the Registration Statement to  
6 be complete and accurate.

7 87. The Individual Defendants each signed the Registration Statement. As  
8 such, each is strictly liable for the materially inaccurate statements contained in the  
9 Registration Statement and the failure of the Registration Statement to be complete and  
10 accurate, unless they are able to carry their burden of establishing an affirmative “due  
11 diligence” defense. The Individual Defendants each had a duty to make a reasonable  
12 and diligent investigation of the truthfulness and accuracy of the statements contained  
13 in the Registration Statement and ensure that they were true and accurate, that there  
14 were no omissions of material facts that would make the Registration Statement  
15 misleading, and that the documents contained all facts required to be stated therein. In  
16 the exercise of reasonable care, the Individual Defendants should have known of the  
17 material misstatements and omissions contained in the Registration Statement and also  
18 should have known of the omissions of material fact necessary to make the statements  
19 made therein not misleading. Accordingly, the Individual Defendants are liable to  
20 Plaintiff and the Class.

21 88. The Underwriter Defendants each served as underwriters in connection  
22 with the Offering. As such, each is strictly liable for the materially inaccurate  
23 statements contained in the Registration Statement and the failure of the Registration  
24 Statement to be complete and accurate, unless they are able to carry their burden of  
25 establishing an affirmative “due diligence” defense. The Underwriter Defendants each  
26 had a duty to make a reasonable and diligent investigation of the truthfulness and  
27 accuracy of the statements contained in the Registration Statement. They had a duty  
28 to ensure that such statements were true and accurate, there were no omissions of



1 material facts that would make the Registration Statement misleading, and the  
2 documents contained all facts required to be stated therein. In the exercise of reasonable  
3 care, the Underwriter Defendants should have known of the material misstatements and  
4 omissions contained in the Registration Statement and also should have known of the  
5 omissions of material facts necessary to make the statements made therein not  
6 misleading. Accordingly, each of the Underwriter Defendants is liable to Plaintiff and  
7 the Class.

8 89. By reason of the conduct herein alleged, each of the Individual  
9 Defendants, the Underwriter Defendants, and loanDepot violated §11 of the Securities  
10 Act.

11 90. Plaintiff acquired the Company's common stock pursuant or traceable to  
12 the Registration Statement and without knowledge of the untruths and/or omissions  
13 alleged herein. Plaintiff sustained damages, and the price of the Company's common  
14 stock declined substantially due to material misstatements in the Registration  
15 Statement.

16 91. This claim is brought within one year after the discovery of the untrue  
17 statements and omissions and within three years of the date of the Offering.

18 92. By virtue of the foregoing, Plaintiff and the other members of the Class  
19 are entitled to damages under §11, as measured by the provisions of §11(e), from  
20 loanDepot, the Individual Defendants and the Underwriter Defendants, and each of  
21 them, jointly and severally.

22  
23 **SECOND CAUSE OF ACTION**  
24 **Violation of §15 of the Securities Act Against**  
25 **All Individual Defendants**

26 93. Plaintiff repeats and realleges each and every allegation contained above  
27 as if fully set forth herein.  
28

1 94. This claim is brought pursuant to §15 of the Securities Act, 15 U.S.C.  
2 §77o, on behalf of the Class, against the Individual Defendants.

3 95. The Individual Defendants were controlling persons of the Company  
4 within the meaning of §15 of the Securities Act. By reason of their ownership interest  
5 in, senior management positions at, and/or directorships held at the Company, as  
6 alleged above, these Defendants invested in, individually and collectively, had the  
7 power to influence, and exercised control over the Company to cause it to engage in  
8 the conduct complained of herein.

9 96. By reason of such wrongful conduct, the Individual Defendants are liable  
10 pursuant to §15 of the Securities Act. As a direct and proximate result of the wrongful  
11 conduct, Class members suffered damages in connection with their purchases of the  
12 Company's shares.

13 **REQUEST FOR RELIEF**

14 WHEREFORE, Plaintiff prays for judgment as follows:

15 A. Declaring this action to be a proper class action and certifying Plaintiff as  
16 the Class Representative;

17 B. Awarding Plaintiff and the other members of the Class compensatory  
18 damages;

19 C. Awarding Plaintiff and the other members of the Class pre-judgment and  
20 post-judgment interest, as well as reasonable attorneys' fees, expert witness fees, and  
21 other costs and disbursements; and

22 D. Awarding Plaintiff and the other members of the Class such other and  
23 further relief as the Court may deem just and proper.

24 **JURY TRIAL DEMANDED**

25 Plaintiff hereby demands a trial by jury.  
26  
27  
28