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

\_\_\_\_\_, Individually and On  
Behalf of Other Shareholders,  
  
Plaintiff,  
  
v.  
  
MAGNITE, INC., MICHAEL  
BARRETT, and DAVID DAY,  
  
Defendants.

Case No.  
  
**CLASS ACTION COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS**

1 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all  
2 others similarly situated, by and through his attorneys, alleges the following upon  
3 information and belief, except as to those allegations concerning Plaintiff, which are  
4 alleged upon personal knowledge. Plaintiff’s information and belief is based upon,  
5 among other things, his counsel’s investigation, which includes without limitation:  
6 (a) review and analysis of regulatory filings made by Magnite, Inc. (“Magnite” or the  
7 “Company”) f/k/a The Rubicon Project (“Rubicon”) with the United States (“U.S.”)  
8 Securities and Exchange Commission (“SEC”); (b) review and analysis of press  
9 releases and media reports issued by and disseminated by Magnite; and (c) review of  
10 other publicly available information concerning Magnite.

### 11 **NATURE OF THE ACTION AND OVERVIEW**

12 1. This is a class action on behalf of persons and entities that purchased or  
13 otherwise acquired Magnite securities between August 10, 2020 and January 7, 2021,  
14 inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under  
15 the Securities Exchange Act of 1934 (the “Exchange Act”).

16 2. Magnite provides technology solutions to automate the purchase and sale  
17 of digital advertising inventory.

18 3. On December 19, 2019, Rubicon announced a stock-for-stock merger  
19 (the “Merger”) with Telaria, Inc. (“Telaria”), a provider of connected television  
20 (“CTV”) technology. The Merger closed April 1, 2020. Following the Merger, the  
21 Company purports to offer the largest independent sell-side advertising platform.

22 4. On January 7, 2021, Spruce Point Capital Management published a  
23 research report alleging that Magnite “continued to mask challenges with inaccurate  
24 financial reporting.” The report further stated that “evidence shows Magnite is  
25 running two separate businesses, yet only reporting one operating segment, allowing  
26 it to bury clarity into its struggles.” Specifically, it stated that the Company “may be  
27 concealing the struggles of Telaria[, which] is a material quantitative contributor to  
28 the pro forma business, has different economic characteristics from Rubicon (eg:

1 much lower EBITDA margins, Capex and working capital needs), is being run on two  
2 separate technology platforms, and is being operated by Telaria-represented  
3 employees.”

4 5. On this news, Magnite’s stock price fell \$1.70 per share, or 6%, to close  
5 at \$25.61 per share on January 7, 2021, on unusually heavy trading volume.

6 6. Throughout the Class Period, Defendants made materially false and/or  
7 misleading statements, as well as failed to disclose material adverse facts about the  
8 Company’s business, operations, and prospects. Specifically, Defendants failed to  
9 disclose to investors: (1) that, despite operating Rubicon and Telaria as two separate  
10 businesses, the Company reported only one operating segment to mask its struggles;  
11 (2) that advertising spend was slowing, leading to slower growth of the Company’s  
12 business; (3) that, as a result, Magnite pursued customers with lower credit quality to  
13 report revenue growth; and (4) that, as a result of the foregoing, Defendants’ positive  
14 statements about the Company’s business, operations, and prospects were materially  
15 misleading and/or lacked a reasonable basis.

16 7. As a result of Defendants’ wrongful acts and omissions, and the  
17 precipitous decline in the market value of the Company’s securities, Plaintiff and  
18 other Class members have suffered significant losses and damages.

### 19 **JURISDICTION AND VENUE**

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

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

25 10. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b)  
26 and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in  
27 furtherance of the alleged fraud or the effects of the fraud have occurred in this  
28 Judicial District. Many of the acts charged herein, including the dissemination of

1 materially false and/or misleading information, occurred in substantial part in this  
2 Judicial District. In addition, the Company's principal executive offices are in this  
3 District.

4 11. In connection with the acts, transactions, and conduct alleged herein,  
5 Defendants directly and indirectly used the means and instrumentalities of interstate  
6 commerce, including the United States mail, interstate telephone communications,  
7 and the facilities of a national securities exchange.

8 **PARTIES**

9 12. Plaintiff \_\_\_\_\_, as set forth in the accompanying  
10 certification, incorporated by reference herein, purchased Magnite securities during  
11 the Class Period, and suffered damages as a result of the federal securities law  
12 violations and false and/or misleading statements and/or material omissions alleged  
13 herein.

14 13. Defendant Magnite is incorporated under the laws of Delaware with its  
15 principal executive offices located in Los Angeles, California. Magnite's common  
16 stock trades on the NASDAQ exchange under the symbol "MGNI."

17 14. Defendant Michael Barrett ("Barrett") was the Company's Chief  
18 Executive Officer ("CEO") at all relevant times.

19 15. Defendant David Day ("Day") was the Company's Chief Financial  
20 Officer ("CFO") at all relevant times.

21 16. Defendants Barrett and Day (collectively the "Individual Defendants"),  
22 because of their positions with the Company, possessed the power and authority to  
23 control the contents of the Company's reports to the SEC, press releases and  
24 presentations to securities analysts, money and portfolio managers and institutional  
25 investors, i.e., the market. The Individual Defendants were provided with copies of  
26 the Company's reports and press releases alleged herein to be misleading prior to, or  
27 shortly after, their issuance and had the ability and opportunity to prevent their  
28 issuance or cause them to be corrected. Because of their positions and access to

1 material non-public information available to them, the Individual Defendants knew  
2 that the adverse facts specified herein had not been disclosed to, and were being  
3 concealed from, the public, and that the positive representations which were being  
4 made were then materially false and/or misleading. The Individual Defendants are  
5 liable for the false statements pleaded herein.

## 6 **SUBSTANTIVE ALLEGATIONS**

### 7 **Background**

8 17. Magnite provides technology solutions to automate the purchase and sale  
9 of digital advertising inventory.

10 18. On December 19, 2019, Rubicon announced a stock-for-stock merger  
11 with Telaria (the “Merger”). The Merger closed April 1, 2020.

12 19. Following the Merger with Telaria, a provider of connected television  
13 (“CTV”) technology, the Company purports to offer the largest independent sell-side  
14 advertising platform.

15 20. On May 6, 2020, Rubicon announced its first quarter 2020 financial  
16 results. Due to the timing of the Merger, the financial information reflected results for  
17 Rubicon only.

18 21. On June 30, 2020, Rubicon changed its name to Magnite.

### 19 **Materially False and Misleading**

#### 20 **Statements Issued During the Class Period**

21 22. The Class Period begins on August 10, 2020. On that day, the Company  
22 announced its second quarter 2020 financial results in a press release that touted 12%  
23 CTV revenue growth year-over-year. It also stated:

24 The second quarter 2019 comparative numbers reflect only the results of  
25 standalone Rubicon Project, unless otherwise noted as pro-forma.

#### 26 *Recent Highlights*

- 27 • Magnite revenue was \$42.3 million for Q2 2020, up 12% from Q2  
28 2019 on an as reported basis

- 1 • CTV revenue for Q2 2020 was \$7.9 million up 12% year over year  
2 on a pro-forma basis
- 3 • CTV growth accelerated to approximately 50% year over year in  
4 Q3 since start of July on a pro-forma basis
- 5 • Expect revenue for Q3 2020 to be between \$51 to \$55 million
- 6 • Expect Adjusted EBITDA operating expenses to be between \$49  
7 to \$50 million for Q3 2020
- 8 • Expect to be Adjusted EBITDA positive for Q3 2020
- 9 • Net loss for Q2 2020 was \$39.1 million, or loss per share of \$0.36  
10 which includes \$19.5 million of acquisition related costs including  
11 non-cash acquired intangible amortization, compared to net loss  
12 of \$8.3 million, or loss per share of \$0.16 for Q2 of 2019
- 13 • Adjusted EBITDA[] loss was \$3.5 for Q2 2020, compared to  
14 Adjusted EBITDA of \$4.4 million for Q2 of 2019
- 15 • Non-GAAP loss per share[] was \$0.10 for Q2 2020, compared to  
16 \$0.06 non-GAAP loss per share for Q2 of 2019
- 17 • Merger related cost synergies of more than \$20 million run-rate  
18 on track

19 (Footnotes omitted.)

20 23. The same day, the Company filed its quarterly report on Form 10-Q with  
21 the SEC for the period ended June 30, 2020 (the “2Q20 10-Q”), affirming the  
22 previously reported financial results. In addition the risk factors incorporated by  
23 reference to the annual report on Form 10-K for the period ended December 31, 2019,  
24 Magnite stated:

25 *We rely on technological intermediaries such as DSPs to purchase*  
26 *advertising on behalf of advertisers. Such buyers have or may develop*  
27 *high-risk credit profiles or pay slowly, which may result in credit risk*  
28 *to us or require additional working capital to fund our accounts*  
*payable. These risks will be heightened as a result of the COVID-19*  
*pandemic and resulting economic downturn.*

Generally, we invoice and collect from buyers the full purchase price for impressions they have purchased, retain our fees, and remit the balance to sellers. However, in some cases, are required or may choose to pay sellers for impressions delivered before we have collected, or even if we are unable to collect, from the buyer of those impressions. In the past, certain buyers have sought to slow their payments to us or been forced into filing for bankruptcy protection, resulting in bad debt. These challenges have been exacerbated by the COVID-19 pandemic and resulting economic impact, as many of our buyers are experiencing

1 financial difficulties and liquidity constraints. In certain cases, buyers  
2 have been unable to timely make payments and we have agreed to  
3 revised payment schedules. To date, these actions have not had a material  
4 negative impact on our cash flow or liquidity. However, prolonged  
5 economic downturn may lead additional buyers to slow or default on  
6 payments or in some cases seek bankruptcy protection.

7 There can be no assurances that we will not experience bad debt in the  
8 future, and write-offs for bad debt could have a materially negative effect  
9 on our results of operations for the periods in which the write-offs occur.  
10 If our cash collections are significantly diminished as a result of these  
11 dynamics, our revenue and/or cash flow could be adversely affected and  
12 we may need to use working capital to fund our accounts payable  
13 pending collection from the buyers. This may result in additional costs  
14 and cause us to forgo or defer other more productive uses of that working  
15 capital.

16 24. The 2Q20 10-Q also claimed that “*If* CTV advertising spend grows more  
17 slowly than we expect our operating results and growth prospects *could* be harmed.”  
18 (emphasis added). It continued to state:

19 If CTV advertising spend grows more slowly than we expect our  
20 operating results and growth prospects could be harmed.

21 The growth of our platform is dependent, in part, on the continued  
22 growth in CTV advertising spend. Growth in the CTV advertising market  
23 is dependent on a number of factors, including the pace of cord-cutting  
24 (the replacement of tradition cable or broadcast TV for CTV and OTT  
25 applications), the continued proliferation of digital content and CTV  
26 providers, the adoption of ad-supported models by CTV publishers in  
27 lieu of, or in addition to, subscription models, and an acceleration in the  
28 shift of ad dollars from traditional linear TV to CTV to keep pace with  
changing viewership habits. If the market for ad-supported CTV  
develops more slowly than we expect or fails to develop as a result of  
these or other factors, our operating results and growth prospects could  
be harmed.

29 25. On November 9, 2020, the Company announced its third quarter 2020  
30 financial results in a press release that stated, in relevant part:

31 Third quarter 2019 comparative numbers do not include results from  
32 Telaria, unless noted as pro-forma.

#### 33 *Recent Highlights*

- 34 • Magnite revenue was \$61.0 million for Q3 2020, up 62% from Q3  
35 2019 on an as reported basis and up 12% on a pro-forma basis
- 36 • CTV revenue for Q3 2020 was \$11.1 million up 51% year over  
37 year on a pro-forma basis
- 38 • Pro-forma non-CTV video grew year over year in Q3 2020

- 1 • Expect strong CTV growth in Q4 2020
- 2 • Expect revenue for Q4 2020 to be between \$72 million to \$75 million
- 3 • Expect Adjusted EBITDA operating expenses[] to be between \$50 million to \$52 million for Q4 2020
- 4 • Expect Q4 Adjusted EBITDA margin[] in Q4 2020 to be approximately 30%
- 5 • Net loss for Q3 2020 was \$10.5 million, or loss per share of \$0.10, compared to net loss of \$6.2 million, or loss per share of \$0.12 for Q3 of 2019
- 6 • Adjusted EBITDA[] was \$13.7 million for Q3 2020, compared to Adjusted EBITDA of \$6.1 million for Q3 of 2019
- 7 • Non-GAAP income per share[] was \$0.06 for Q3 2020, compared to \$0.02 non-GAAP loss per share for Q3 of 2019

8 (Footnotes omitted.)

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12 26. The same day, Magnite filed its quarterly report on Form 10-Q for the  
13 period ended September 30, 2020 (the “3Q20 10-Q”), affirming the previously  
14 reported financial results. It also included substantially the same risk factors described  
15 in ¶¶ 23-24.

16 27. The above statements identified in ¶¶ 22-26 were materially false and/or  
17 misleading, and failed to disclose material adverse facts about the Company’s  
18 business, operations, and prospects. Specifically, Defendants failed to disclose to  
19 investors: (1) that, despite operating Rubicon and Telaria as two separate businesses,  
20 the Company reported only one operating segment to mask its struggles; (2) that  
21 advertising spend was slowing, leading to slower growth of the Company’s business;  
22 (3) that, as a result, Magnite pursued customers with lower credit quality to report  
23 revenue growth; and (4) that, as a result of the foregoing, Defendants’ positive  
24 statements about the Company’s business, operations, and prospects were materially  
25 misleading and/or lacked a reasonable basis.  
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## Disclosures at the End of the Class Period

28. On January 7, 2021, Spruce Point Capital Management published a research report alleging that Magnite “continued to mask challenges with inaccurate financial reporting.” The report further stated that “evidence shows Magnite is running two separate businesses, yet only reporting one operating segment, allowing it to bury clarity into its struggles.” Specifically, it stated that the Company “may be concealing the struggles of Telaria[, which] is a material quantitative contributor to the pro forma business, has different economic characteristics from Rubicon (eg: much lower EBITDA margins, Capex and working capital needs), is being run on two separate technology platforms, and is being operated by Telaria-represented employees.”

29. However, since the merger, “management was clear that both businesses were ‘quite different’ and would function as two separate business units on two separate platforms.” Further, “[i]t is quite clear from Magnite’s website that there are two different client login portals[ and] Magnite even references that each login is ‘formerly’ related to each separate business.” However, the “‘pro forma’ revenue results do not balance,” with a slide depicting:

**Unaudited Pro Forma Information**

The following table provides unaudited pro forma information as if Telaria had been merged with the Company as of January 1, 2019. The unaudited pro forma information reflects adjustments for additional amortization resulting from the fair value adjustments to assets acquired and liabilities assumed. The pro forma results do not include any anticipated cost synergies or other effects of the integration merged companies. Accordingly, pro forma amounts are not necessarily indicative of the results that actually would have occurred had the acquisition been completed on the dates indicated, nor is it indicative of the future operating results of the combined company.

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Pro Forma Revenue	\$ 56,086	\$ 93,304	\$ 102,124	\$ 195,428
Pro Forma Net Loss	\$ 9,755	\$ 67,801	\$ 26,644	\$ 172,156
Pro forma net loss per share	\$ 0.10	\$ 0.63	\$ 0.25	\$ 1.62

During the three months ended June 30, 2020, post-Merger revenue on a stand-alone basis for Telaria was \$13.1 million. During the three months ended June 30, 2020, due to the process of integrating the operations of Telaria into the operations of the Company, the determination of Telaria's post-Merger operating results on a standalone basis were impracticable.

17

Source: Magnite Q2 2020 10-Q

**Telaria Reported Revenue**

- Q1 2020: \$15.1
- Q2 2020: \$13.1
- 6M 2020: \$28.2

**Rubicon Reported Revenue**

- Q1 2020: \$36.3
- Q2 2020: \$29.2
- 6M 2020: \$65.5

**Pro Forma Combined**

- Q1 2020: \$51.4
- Q2 2020: \$42.3
- 6M 2020: \$93.7

**Warning: Revenue Doesn't Add Up: \$93.7 v \$93.3**

Spruce Point has major concerns that Magnite is hiding substantial underlying financial challenges. The Company explicitly stated its desire to operate two separate platforms and not to integrate technologies. Yet, it claims it cannot show Telaria's post-merger results on a standalone basis



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

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

7 36. Plaintiff will fairly and adequately protect the interests of the members  
8 of the Class and has retained counsel competent and experienced in class and  
9 securities litigation.

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

13 (a) whether the federal securities laws were violated by Defendants'  
14 acts as alleged herein;

15 (b) whether statements made by Defendants to the investing public  
16 during the Class Period omitted and/or misrepresented material facts about the  
17 business, operations, and prospects of Magnite; and

18 (c) to what extent the members of the Class have sustained damages  
19 and the proper measure of damages.

20 38. A class action is superior to all other available methods for the fair and  
21 efficient adjudication of this controversy since joinder of all members is  
22 impracticable. Furthermore, as the damages suffered by individual Class members  
23 may be relatively small, the expense and burden of individual litigation makes it  
24 impossible for members of the Class to individually redress the wrongs done to them.  
25 There will be no difficulty in the management of this action as a class action.

26 **UNDISCLOSED ADVERSE FACTS**

27 39. The market for Magnite's securities was open, well-developed and  
28 efficient at all relevant times. As a result of these materially false and/or misleading

1 statements, and/or failures to disclose, Magnite's securities traded at artificially  
2 inflated prices during the Class Period. Plaintiff and other members of the Class  
3 purchased or otherwise acquired Magnite's securities relying upon the integrity of the  
4 market price of the Company's securities and market information relating to Magnite,  
5 and have been damaged thereby.

6 40. During the Class Period, Defendants materially misled the investing  
7 public, thereby inflating the price of Magnite's securities, by publicly issuing false  
8 and/or misleading statements and/or omitting to disclose material facts necessary to  
9 make Defendants' statements, as set forth herein, not false and/or misleading. The  
10 statements and omissions were materially false and/or misleading because they failed  
11 to disclose material adverse information and/or misrepresented the truth about  
12 Magnite's business, operations, and prospects as alleged herein.

13 41. At all relevant times, the material misrepresentations and omissions  
14 particularized in this Complaint directly or proximately caused or were a substantial  
15 contributing cause of the damages sustained by Plaintiff and other members of the  
16 Class. As described herein, during the Class Period, Defendants made or caused to  
17 be made a series of materially false and/or misleading statements about Magnite's  
18 financial well-being and prospects. These material misstatements and/or omissions  
19 had the cause and effect of creating in the market an unrealistically positive  
20 assessment of the Company and its financial well-being and prospects, thus causing  
21 the Company's securities to be overvalued and artificially inflated at all relevant  
22 times. Defendants' materially false and/or misleading statements during the Class  
23 Period resulted in Plaintiff and other members of the Class purchasing the Company's  
24 securities at artificially inflated prices, thus causing the damages complained of herein  
25 when the truth was revealed.

26 **LOSS CAUSATION**

27 42. Defendants' wrongful conduct, as alleged herein, directly and  
28 proximately caused the economic loss suffered by Plaintiff and the Class.



1           46. During the Class Period, the artificial inflation of Magnite's shares was  
2 caused by the material misrepresentations and/or omissions particularized in this  
3 Complaint causing the damages sustained by Plaintiff and other members of the Class.  
4 As described herein, during the Class Period, Defendants made or caused to be made  
5 a series of materially false and/or misleading statements about Magnite's business,  
6 prospects, and operations. These material misstatements and/or omissions created an  
7 unrealistically positive assessment of Magnite and its business, operations, and  
8 prospects, thus causing the price of the Company's securities to be artificially inflated  
9 at all relevant times, and when disclosed, negatively affected the value of the  
10 Company shares. Defendants' materially false and/or misleading statements during  
11 the Class Period resulted in Plaintiff and other members of the Class purchasing the  
12 Company's securities at such artificially inflated prices, and each of them has been  
13 damaged as a result.

14           47. At all relevant times, the market for Magnite's securities was an efficient  
15 market for the following reasons, among others:

16           (a) Magnite shares met the requirements for listing, and was listed and  
17 actively traded on the NASDAQ, a highly efficient and automated market;

18           (b) As a regulated issuer, Magnite filed periodic public reports with  
19 the SEC and/or the NASDAQ;

20           (c) Magnite regularly communicated with public investors via  
21 established market communication mechanisms, including through regular  
22 dissemination of press releases on the national circuits of major newswire services  
23 and through other wide-ranging public disclosures, such as communications with the  
24 financial press and other similar reporting services; and/or

25           (d) Magnite was followed by securities analysts employed by  
26 brokerage firms who wrote reports about the Company, and these reports were  
27 distributed to the sales force and certain customers of their respective brokerage firms.  
28 Each of these reports was publicly available and entered the public marketplace.



1 forward-looking statements because at the time each of those forward-looking  
2 statements was made, the speaker had actual knowledge that the forward-looking  
3 statement was materially false or misleading, and/or the forward-looking statement  
4 was authorized or approved by an executive officer of Magnite who knew that the  
5 statement was false when made.

6 **FIRST CLAIM**

7 **Violation of Section 10(b) of The Exchange Act and**

8 **Rule 10b-5 Promulgated Thereunder**

9 **Against All Defendants**

10 51. Plaintiff repeats and re-alleges each and every allegation contained  
11 above as if fully set forth herein.

12 52. During the Class Period, Defendants carried out a plan, scheme and  
13 course of conduct which was intended to and, throughout the Class Period, did: (i)  
14 deceive the investing public, including Plaintiff and other Class members, as alleged  
15 herein; and (ii) cause Plaintiff and other members of the Class to purchase Magnite's  
16 securities at artificially inflated prices. In furtherance of this unlawful scheme, plan  
17 and course of conduct, Defendants, and each defendant, took the actions set forth  
18 herein.

19 53. Defendants (i) employed devices, schemes, and artifices to defraud; (ii)  
20 made untrue statements of material fact and/or omitted to state material facts  
21 necessary to make the statements not misleading; and (iii) engaged in acts, practices,  
22 and a course of business which operated as a fraud and deceit upon the purchasers of  
23 the Company's securities in an effort to maintain artificially high market prices for  
24 Magnite's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-  
25 5. All Defendants are sued either as primary participants in the wrongful and illegal  
26 conduct charged herein or as controlling persons as alleged below.

27 54. Defendants, individually and in concert, directly and indirectly, by the  
28 use, means or instrumentalities of interstate commerce and/or of the mails, engaged



1 and participated in a continuous course of conduct to conceal adverse material  
2 information about Magnite's financial well-being and prospects, as specified herein.

3 55. Defendants employed devices, schemes and artifices to defraud, while in  
4 possession of material adverse non-public information and engaged in acts, practices,  
5 and a course of conduct as alleged herein in an effort to assure investors of Magnite's  
6 value and performance and continued substantial growth, which included the making  
7 of, or the participation in the making of, untrue statements of material facts and/or  
8 omitting to state material facts necessary in order to make the statements made about  
9 Magnite and its business operations and future prospects in light of the circumstances  
10 under which they were made, not misleading, as set forth more particularly herein,  
11 and engaged in transactions, practices and a course of business which operated as a  
12 fraud and deceit upon the purchasers of the Company's securities during the Class  
13 Period.

14 56. Each of the Individual Defendants' primary liability and controlling  
15 person liability arises from the following facts: (i) the Individual Defendants were  
16 high-level executives and/or directors at the Company during the Class Period and  
17 members of the Company's management team or had control thereof; (ii) each of  
18 these defendants, by virtue of their responsibilities and activities as a senior officer  
19 and/or director of the Company, was privy to and participated in the creation,  
20 development and reporting of the Company's internal budgets, plans, projections  
21 and/or reports; (iii) each of these defendants enjoyed significant personal contact and  
22 familiarity with the other defendants and was advised of, and had access to, other  
23 members of the Company's management team, internal reports and other data and  
24 information about the Company's finances, operations, and sales at all relevant times;  
25 and (iv) each of these defendants was aware of the Company's dissemination of  
26 information to the investing public which they knew and/or recklessly disregarded  
27 was materially false and misleading.

28

1           57. Defendants had actual knowledge of the misrepresentations and/or  
2 omissions of material facts set forth herein, or acted with reckless disregard for the  
3 truth in that they failed to ascertain and to disclose such facts, even though such facts  
4 were available to them. Such defendants' material misrepresentations and/or  
5 omissions were done knowingly or recklessly and for the purpose and effect of  
6 concealing Magnite's financial well-being and prospects from the investing public  
7 and supporting the artificially inflated price of its securities. As demonstrated by  
8 Defendants' overstatements and/or misstatements of the Company's business,  
9 operations, financial well-being, and prospects throughout the Class Period,  
10 Defendants, if they did not have actual knowledge of the misrepresentations and/or  
11 omissions alleged, were reckless in failing to obtain such knowledge by deliberately  
12 refraining from taking those steps necessary to discover whether those statements  
13 were false or misleading.

14           58. As a result of the dissemination of the materially false and/or misleading  
15 information and/or failure to disclose material facts, as set forth above, the market  
16 price of Magnite's securities was artificially inflated during the Class Period. In  
17 ignorance of the fact that market prices of the Company's securities were artificially  
18 inflated, and relying directly or indirectly on the false and misleading statements made  
19 by Defendants, or upon the integrity of the market in which the securities trades,  
20 and/or in the absence of material adverse information that was known to or recklessly  
21 disregarded by Defendants, but not disclosed in public statements by Defendants  
22 during the Class Period, Plaintiff and the other members of the Class acquired  
23 Magnite's securities during the Class Period at artificially high prices and were  
24 damaged thereby.

25           59. At the time of said misrepresentations and/or omissions, Plaintiff and  
26 other members of the Class were ignorant of their falsity, and believed them to be  
27 true. Had Plaintiff and the other members of the Class and the marketplace known  
28 the truth regarding the problems that Magnite was experiencing, which were not

1 disclosed by Defendants, Plaintiff and other members of the Class would not have  
2 purchased or otherwise acquired their Magnite securities, or, if they had acquired such  
3 securities during the Class Period, they would not have done so at the artificially  
4 inflated prices which they paid.

5 60. By virtue of the foregoing, Defendants violated Section 10(b) of the  
6 Exchange Act and Rule 10b-5 promulgated thereunder.

7 61. As a direct and proximate result of Defendants' wrongful conduct,  
8 Plaintiff and the other members of the Class suffered damages in connection with  
9 their respective purchases and sales of the Company's securities during the Class  
10 Period.

## 11 **SECOND CLAIM**

### 12 **Violation of Section 20(a) of The Exchange Act**

#### 13 **Against the Individual Defendants**

14 62. Plaintiff repeats and re-alleges each and every allegation contained  
15 above as if fully set forth herein.

16 63. Individual Defendants acted as controlling persons of Magnite within the  
17 meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their  
18 high-level positions and their ownership and contractual rights, participation in,  
19 and/or awareness of the Company's operations and intimate knowledge of the false  
20 financial statements filed by the Company with the SEC and disseminated to the  
21 investing public, Individual Defendants had the power to influence and control and  
22 did influence and control, directly or indirectly, the decision-making of the Company,  
23 including the content and dissemination of the various statements which Plaintiff  
24 contends are false and misleading. Individual Defendants were provided with or had  
25 unlimited access to copies of the Company's reports, press releases, public filings,  
26 and other statements alleged by Plaintiff to be misleading prior to and/or shortly after  
27 these statements were issued and had the ability to prevent the issuance of the  
28 statements or cause the statements to be corrected.



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DATED: \_\_\_\_\_, 2021

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By: DRAFT

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