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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

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

Plaintiff,

v.

ZUORA, INC., TIEN TZUO, and TYLER  
SLOAT,

Defendants.

Case No. DRAFT

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

Law Offices of Howard G. Smith

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

### 9 NATURE OF THE ACTION AND OVERVIEW

10 1. This is a class action on behalf of persons and entities that purchased or otherwise  
11 acquired Zuora securities between April 12, 2018 and May 30, 2019, inclusive (the “Class  
12 Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange  
13 Act”).

14 2. Zuora is a cloud-based subscription management platform. Its business consists of  
15 three components: Zuora Central Platform, a subscription management hub; order-to-revenue  
16 products; and an application marketplace. Its flagship products are Zuora RevPro (“RevPro”), a  
17 revenue recognition automation solution that enables customers to group transactions into revenue  
18 contracts and performance obligations, and Zuora Billing (“Billing”), which is designed for  
19 subscription billing. Zuora acquired RevPro in May 2017 when it acquired Leeyo Software Inc.  
20 (“Leeyo”).

21 3. On May 30, 2019, the Company lowered its fiscal 2020 revenue guidance to a  
22 range of \$268 million to \$278 million, from prior guidance of \$289 million to \$293.5 million,  
23 citing problems integrating RevPro, as well as sales execution problems.

24 4. On this news, the Company’s share price fell \$5.91 per share, nearly 30%, to close  
25 at \$13.99 per share on May 31, 2019, on unusually heavy trading volume.

26 5. Throughout the Class Period, Defendants made materially false and/or misleading  
27 statements, as well as failed to disclose material adverse facts about the Company’s business,  
28 operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the

1 Company would focus on implementing RevPro for new customers ahead of the deadline to  
2 comply with accounting standard ASC 606; (2) that, as a result, the Company lacked adequate  
3 resources to integrate RevPro with the core business; (3) that the Company would focus on  
4 RevPro integration a year after the acquisition closed; (4) that delays in integrating RevPro would  
5 materially impact the business; (5) that the market for RevPro was limited to customers seeking to  
6 implement new accounting standards such as ASC 606; (6) that, after the deadline for ASC 606  
7 compliance passed, demand for RevPro was reasonably likely to decline; and (7) that, as a result  
8 of the foregoing, Defendants' positive statements about the Company's business, operations, and  
9 prospects were materially misleading and/or lacked a reasonable basis.

10 6. As a result of Defendants' wrongful acts and omissions, and the precipitous decline  
11 in the market value of the Company's securities, Plaintiff and other Class members have suffered  
12 significant losses and damages.

### 13 JURISDICTION AND VENUE

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

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

19 9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and  
20 Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the  
21 alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts  
22 charged herein, including the dissemination of materially false and/or misleading information,  
23 occurred in substantial part in this Judicial District. In addition, the Company's principal  
24 executive offices are located in this district.

25 10. In connection with the acts, transactions, and conduct alleged herein, Defendants  
26 directly and indirectly used the means and instrumentalities of interstate commerce, including the  
27 United States mail, interstate telephone communications, and the facilities of a national securities  
28 exchange.

1 **PARTIES**

2 11. Plaintiff \_\_\_\_\_, as set forth in the accompanying certification,  
3 incorporated by reference herein, purchased Zuora securities during the Class Period, and suffered  
4 damages as a result of the federal securities law violations and false and/or misleading statements  
5 and/or material omissions alleged herein.

6 12. Defendant Zuora is incorporated under the laws of Delaware with its principal  
7 executive offices located in San Mateo, California. Zuora’s common stock trades on the New  
8 York Stock Exchange (“NYSE”) under the symbol “ZUO.”

9 13. Defendant Tien Tzuo (“Tzuo”) was the Chief Executive Officer of the Company at  
10 all relevant times.

11 14. Defendant Tyler Sloat (“Sloat”) was the Chief Financial Officer of the Company at  
12 all relevant times.

13 15. Defendants Tzuo and Sloat (collectively the “Individual Defendants”), because of  
14 their positions with the Company, possessed the power and authority to control the contents of the  
15 Company’s reports to the SEC, press releases and presentations to securities analysts, money and  
16 portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were  
17 provided with copies of the Company’s reports and press releases alleged herein to be misleading  
18 prior to, or shortly after, their issuance and had the ability and opportunity to prevent their  
19 issuance or cause them to be corrected. Because of their positions and access to material non-  
20 public information available to them, the Individual Defendants knew that the adverse facts  
21 specified herein had not been disclosed to, and were being concealed from, the public, and that the  
22 positive representations which were being made were then materially false and/or misleading. The  
23 Individual Defendants are liable for the false statements pleaded herein.

24 **SUBSTANTIVE ALLEGATIONS**

25 **Background**

26 16. Zuora is a cloud-based subscription management platform. Its business consists of  
27 three components: Zuora Central Platform, a subscription management hub; order-to-revenue  
28 products; and an application marketplace. Its flagship products are RevPro, a revenue recognition

1 automation solution that enables customers to group transactions into revenue contracts and  
2 performance obligations, and Billing, which is designed for subscription billing. Zuora acquired  
3 RevPro in May 2017 when it acquired Leeyo.

4 **Materially False and Misleading**

5 **Statements Issued During the Class Period**

6 17. The Class Period begins on April 12, 2018. On that day, the Company filed its  
7 Initial Public Offering Prospectus (“IPO Prospectus”) on Form 424B4 with the SEC. Regarding  
8 integration of acquired businesses, the Company stated, in relevant part:

9 ***We may be unable to integrate acquired businesses and technologies successfully***  
10 ***or to achieve the expected benefits of such acquisitions. We may acquire or invest***  
11 ***in additional companies, which may divert our management’s attention, result in***  
12 ***additional dilution to our stockholders, and consume resources that are***  
13 ***necessary to sustain our business.***

14 Our business strategy may, from time to time, include acquiring other  
15 complementary products, technologies, or businesses. In May 2015, we acquired  
16 Frontleaf, Inc., and in May 2017, we acquired Leeyo. We are still in the process of  
17 integrating Leeyo’s operations into our business. An acquisition, investment, or  
18 business relationship may result in unforeseen operating difficulties and  
19 expenditures. In particular, we may encounter difficulties assimilating or  
20 integrating the businesses, technologies, products, personnel, or operations of the  
21 acquired companies, including Leeyo, particularly if the key personnel of the  
22 acquired companies choose not to work for us, if an acquired company’s software  
23 is not easily adapted to work with ours, or if we have difficulty retaining the  
24 customers of any acquired business due to changes in management or otherwise.  
25 Acquisitions may also disrupt our business, divert our resources, and require  
26 significant management attention that would otherwise be available for  
27 development of our business. Moreover, the anticipated benefits of any acquisition,  
28 investment, or business relationship may not be realized or we may be exposed to  
unknown liabilities.

18. Moreover, regarding the market for RevPro, the IPO Prospectus stated, in relevant  
part:

24 ***The market for our revenue recognition automation software product, Zuora***  
25 ***RevPro, is rapidly evolving as a result of the effectiveness of ASC 606, which***  
26 ***makes it difficult to forecast adoption rates and demand for this product, and***  
27 ***could have a material adverse effect on our business and operating results.***

28 We began selling *Zuora RevPro* following our acquisition of Leeyo in May 2017.  
We have less experience marketing, determining pricing for, and selling *Zuora*  
*RevPro*, and we are still determining how to best market, price, and support

1 adoption of this offering. We have directed, and intend to continue to direct, a  
2 significant portion of our financial and operating resources to develop and  
3 grow *Zuora RevPro*. The market for *Zuora RevPro* is rapidly evolving as a result of  
4 the effectiveness of ASC 606, the revenue recognition accounting standard that will  
5 take effect for most public companies in January 2018. While we have seen a  
6 significant number of *Zuora RevPro* deployments, particularly in the second half of  
7 fiscal 2018, associated with the effectiveness of ASC 606, it is uncertain  
8 whether *Zuora RevPro* will achieve and sustain high levels of demand and market  
9 acceptance. Accordingly, our future success depends in part upon growth in this  
10 market and the ability of our *Zuora RevPro* product to meet the demand for  
11 revenue recognition automation solutions. We have limited experience with respect  
12 to determining the optimal prices for this solution. Companies may choose to  
13 purchase our *Zuora RevPro* product to comply with ASC 606 in the short-term but  
14 may develop proprietary solutions in-house or migrate toward other solutions  
developed by our competitors in the future. Customers may purchase *Zuora  
RevPro* as a standalone product and not purchase other core Zuora products. The  
rapidly evolving nature of this market, as well as other factors that are beyond our  
control, reduces our ability to accurately evaluate our long-term outlook and  
forecast annual performance. A reduction or slowdown in demand for revenue  
recognition automation software, caused by shifts in the marketplace, regulatory  
requirements, accounting standards, lack of acceptance, technological challenges,  
and competing solutions, could have a material adverse effect on our business,  
future growth, operating results, and financial condition.

15 19. Regarding the sales force, the IPO Prospectus stated, in relevant part:

16 ***Our revenue growth and ability to achieve and sustain profitability will depend,***  
17 ***in part on being able to expand our direct sales force and increase the***  
***productivity of our sales force.***

18 To date, most of our revenue has been attributable to the efforts of our direct sales  
19 force. In order to increase our revenue and achieve and sustain profitability, we  
20 must increase the size of our direct sales force, both in the United States and  
internationally, to generate additional revenue from new and existing customers.

21 We believe that there is significant competition for sales personnel with the skills  
22 and technical knowledge that we require. Because our solution is often sold to large  
23 enterprises and involves long sales cycle and complex customer requirements, it is  
24 more difficult to find sales personnel with the specific skills and technical  
25 knowledge needed to sell our solution and, even if we are able to hire qualified  
26 personnel, doing so may be expensive. Our ability to achieve significant revenue  
27 growth will depend, in large part, on our success in recruiting, training, and  
28 retaining sufficient numbers of direct sales personnel to support our growth. New  
sales personnel require significant training and can take a number of months to  
achieve full productivity. Our recent hires and planned hires may not become  
productive as quickly as we expect and if our new sales employees do not become  
fully productive on the timelines that we have projected or at all, our revenue will  
not increase at anticipated levels and our ability to achieve long-term projections  
may be negatively impacted. We may also be unable to hire or retain sufficient

1 numbers of qualified individuals in the markets where we do business or plan to do  
2 business. Furthermore, hiring sales personnel in new countries requires additional  
3 set up and upfront costs that we may not recover if the sales personnel fail to  
4 achieve full productivity. In addition, as we continue to grow, a larger percentage  
5 of our sales force will be new to our company and our solution, which may  
6 adversely affect our sales if we cannot train our sales force quickly or effectively.  
7 Attrition rates may increase, and we may face integration challenges as we continue  
8 to seek to expand our sales force. If we are unable to hire and train sufficient  
9 numbers of effective sales personnel, or if the sales personnel are not successful in  
10 obtaining new customers or increasing sales to our existing customer base, our  
11 business will be adversely affected.

12 20. On May 31, 2018, the Company announced its first quarter 2019 financial results,  
13 reporting \$51.7 million revenue and \$19.4 million net loss.

14 21. On June 13, 2018, the Company filed its quarterly report on Form 10-Q for the  
15 period ended April 30, 2018, substantially affirming the previously reported financial results.

16 22. On August 30, 2018, the Company announced its second quarter 2019 financial  
17 results, reporting \$57.8 million revenue and \$19.6 million net loss.

18 23. On September 12, 2018, the Company filed its quarterly report on Form 10-Q for  
19 the period ended July 31, 2018, substantially affirming the previously reported financial results.

20 24. On November 29, 2018, the Company announced its third quarter 2019 financial  
21 results, reporting \$61.6 million revenue and \$17.9 million net loss.

22 25. On December 13, 2018, the Company filed its quarterly report on Form 10-Q for  
23 the period ended October 31, 2018, substantially affirming the previously reported financial  
24 results.

25 26. On March 21, 2019, the Company announced its fourth quarter and full year 2019  
26 financial results, reporting \$235.2 million revenue and \$77.6 million net loss for the fiscal year.  
27 For fiscal 2020, the Company expected revenue in the range of \$289 million to \$293.5 million.

28 27. On April 18, 2019, the Company filed its annual report on Form 10-K for the  
period ended January 31, 2019, substantially affirming the previously reported financial results.

28 28. The above statements identified in ¶¶17-27 were materially false and/or misleading,  
and failed to disclose material adverse facts about the Company's business, operations, and  
prospects. Specifically, Defendants failed to disclose to investors: (1) that the Company would

1 focus on implementing RevPro for new customers ahead of the deadline to comply with  
2 accounting standard ASC 606; (2) that, as a result, the Company lacked adequate resources to  
3 integrate RevPro with the core business; (3) that the Company would focus on RevPro integration  
4 a year after the acquisition closed; (4) that delays in integrating RevPro would materially impact  
5 the business; (5) that the market for RevPro was limited to customers seeking to implement new  
6 accounting standards such as ASC 606; (6) that, after the deadline for ASC 606 compliance  
7 passed, demand for RevPro was reasonably likely to decline; and (7) that, as a result of the  
8 foregoing, Defendants' positive statements about the Company's business, operations, and  
9 prospects were materially misleading and/or lacked a reasonable basis.

#### 10 **Disclosures at the End of the Class Period**

11 29. On May 30, 2019, in connection with its first quarter 2020 financial results, the  
12 Company lowered its fiscal 2020 revenue guidance to a range of \$268 million to \$278 million,  
13 from prior guidance of \$289 million to \$293.5 million. The Company reported that the product  
14 integration for Billing and RevPro "is taking longer than expected" and that "the technical work to  
15 complete the integration is taking time as these are complex mission-critical systems." As a result  
16 of the product integration delay, the Company slowed down RevPro implementations.

17 30. The Company also reported certain sales execution problems that slowed down its  
18 ability to cross-sell its products, which "resulted in lower professional services and subscription  
19 revenue in the quarter."

20 31. On this news, the Company's share price fell \$5.91 per share, nearly 30%, to close  
21 at \$13.99 per share on May 31, 2019, on unusually heavy trading volume.

#### 22 **CLASS ACTION ALLEGATIONS**

23 32. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
24 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that  
25 purchased or otherwise acquired Zuora securities between April 12, 2018 and May 30, 2019,  
26 inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants,  
27 the officers and directors of the Company, at all relevant times, members of their immediate  
28

1 families and their legal representatives, heirs, successors, or assigns, and any entity in which  
2 Defendants have or had a controlling interest.

3 33. The members of the Class are so numerous that joinder of all members is  
4 impracticable. Throughout the Class Period, Zuora's common shares actively traded on the  
5 NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can  
6 only be ascertained through appropriate discovery, Plaintiff believes that there are at least  
7 hundreds or thousands of members in the proposed Class. Millions of Zuora common stock were  
8 traded publicly during the Class Period on the NYSE. Record owners and other members of the  
9 Class may be identified from records maintained by Zuora or its transfer agent and may be notified  
10 of the pendency of this action by mail, using the form of notice similar to that customarily used in  
11 securities class actions.

12 34. Plaintiff's claims are typical of the claims of the members of the Class as all  
13 members of the Class are similarly affected by Defendants' wrongful conduct in violation of  
14 federal law that is complained of herein.

15 35. Plaintiff will fairly and adequately protect the interests of the members of the Class  
16 and has retained counsel competent and experienced in class and securities litigation.

17 36. Common questions of law and fact exist as to all members of the Class and  
18 predominate over any questions solely affecting individual members of the Class. Among the  
19 questions of law and fact common to the Class are:

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

22 (b) whether statements made by Defendants to the investing public during the Class  
23 Period omitted and/or misrepresented material facts about the business, operations, and prospects  
24 of Zuora; and

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

27 37. A class action is superior to all other available methods for the fair and efficient  
28 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the

1 damages suffered by individual Class members may be relatively small, the expense and burden of  
2 individual litigation makes it impossible for members of the Class to individually redress the  
3 wrongs done to them. There will be no difficulty in the management of this action as a class  
4 action.

5 **UNDISCLOSED ADVERSE FACTS**

6 38. The market for Zuora's securities was open, well-developed and efficient at all  
7 relevant times. As a result of these materially false and/or misleading statements, and/or failures  
8 to disclose, Zuora's securities traded at artificially inflated prices during the Class Period.  
9 Plaintiff and other members of the Class purchased or otherwise acquired Zuora's securities  
10 relying upon the integrity of the market price of the Company's securities and market information  
11 relating to Zuora, and have been damaged thereby.

12 39. During the Class Period, Defendants materially misled the investing public, thereby  
13 inflating the price of Zuora's securities, by publicly issuing false and/or misleading statements  
14 and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth  
15 herein, not false and/or misleading. The statements and omissions were materially false and/or  
16 misleading because they failed to disclose material adverse information and/or misrepresented the  
17 truth about Zuora's business, operations, and prospects as alleged herein.

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

1 **LOSS CAUSATION**

2 41. Defendants' wrongful conduct, as alleged herein, directly and proximately caused  
3 the economic loss suffered by Plaintiff and the Class.

4 42. During the Class Period, Plaintiff and the Class purchased Zuora's securities at  
5 artificially inflated prices and were damaged thereby. The price of the Company's securities  
6 significantly declined when the misrepresentations made to the market, and/or the information  
7 alleged herein to have been concealed from the market, and/or the effects thereof, were revealed,  
8 causing investors' losses.

9 **SCIENTER ALLEGATIONS**

10 43. As alleged herein, Defendants acted with scienter since Defendants knew that the  
11 public documents and statements issued or disseminated in the name of the Company were  
12 materially false and/or misleading; knew that such statements or documents would be issued or  
13 disseminated to the investing public; and knowingly and substantially participated or acquiesced  
14 in the issuance or dissemination of such statements or documents as primary violations of the  
15 federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by  
16 virtue of their receipt of information reflecting the true facts regarding Zuora, their control over,  
17 and/or receipt and/or modification of Zuora's allegedly materially misleading misstatements  
18 and/or their associations with the Company which made them privy to confidential proprietary  
19 information concerning Zuora, participated in the fraudulent scheme alleged herein.

20 **APPLICABILITY OF PRESUMPTION OF RELIANCE**

21 **(FRAUD-ON-THE-MARKET DOCTRINE)**

22 44. The market for Zuora's securities was open, well-developed and efficient at all  
23 relevant times. As a result of the materially false and/or misleading statements and/or failures to  
24 disclose, Zuora's securities traded at artificially inflated prices during the Class Period. On June  
25 18, 2018, the Company's share price closed at a Class Period high of \$37.09 per share. Plaintiff  
26 and other members of the Class purchased or otherwise acquired the Company's securities relying  
27 upon the integrity of the market price of Zuora's securities and market information relating to  
28 Zuora, and have been damaged thereby.

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

12           46.     At all relevant times, the market for Zuora's securities was an efficient market for  
13 the following reasons, among others:

14           (a)     Zuora shares met the requirements for listing, and was listed and actively traded on  
15 the NYSE, a highly efficient and automated market;

16           (b)     As a regulated issuer, Zuora filed periodic public reports with the SEC and/or the  
17 NYSE;

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

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

26           47.     As a result of the foregoing, the market for Zuora's securities promptly digested  
27 current information regarding Zuora from all publicly available sources and reflected such  
28 information in Zuora's share price. Under these circumstances, all purchasers of Zuora's securities

1 during the Class Period suffered similar injury through their purchase of Zuora's securities at  
2 artificially inflated prices and a presumption of reliance applies.

3 48. A Class-wide presumption of reliance is also appropriate in this action under the  
4 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),  
5 because the Class's claims are, in large part, grounded on Defendants' material misstatements  
6 and/or omissions. Because this action involves Defendants' failure to disclose material adverse  
7 information regarding the Company's business operations and financial prospects—information  
8 that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to  
9 recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable  
10 investor might have considered them important in making investment decisions. Given the  
11 importance of the Class Period material misstatements and omissions set forth above, that  
12 requirement is satisfied here.

13 **NO SAFE HARBOR**

14 49. The statutory safe harbor provided for forward-looking statements under certain  
15 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint.  
16 The statements alleged to be false and misleading herein all relate to then-existing facts and  
17 conditions. In addition, to the extent certain of the statements alleged to be false may be  
18 characterized as forward looking, they were not identified as "forward-looking statements" when  
19 made and there were no meaningful cautionary statements identifying important factors that could  
20 cause actual results to differ materially from those in the purportedly forward-looking statements.  
21 In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-  
22 looking statements pleaded herein, Defendants are liable for those false forward-looking  
23 statements because at the time each of those forward-looking statements was made, the speaker  
24 had actual knowledge that the forward-looking statement was materially false or misleading,  
25 and/or the forward-looking statement was authorized or approved by an executive officer of Zuora  
26 who knew that the statement was false when made.

1 **FIRST CLAIM**

2 **Violation of Section 10(b) of The Exchange Act and**  
3 **Rule 10b-5 Promulgated Thereunder**  
4 **Against All Defendants**

5 50. Plaintiff repeats and re-alleges each and every allegation contained above as if fully  
6 set forth herein.

7 51. During the Class Period, Defendants carried out a plan, scheme and course of  
8 conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing  
9 public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and  
10 other members of the Class to purchase Zuora's securities at artificially inflated prices. In  
11 furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant,  
12 took the actions set forth herein.

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

20 53. Defendants, individually and in concert, directly and indirectly, by the use, means  
21 or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a  
22 continuous course of conduct to conceal adverse material information about Zuora's financial  
23 well-being and prospects, as specified herein.

24 54. Defendants employed devices, schemes and artifices to defraud, while in  
25 possession of material adverse non-public information and engaged in acts, practices, and a course  
26 of conduct as alleged herein in an effort to assure investors of Zuora's value and performance and  
27 continued substantial growth, which included the making of, or the participation in the making of,  
28 untrue statements of material facts and/or omitting to state material facts necessary in order to  
make the statements made about Zuora and its business operations and future prospects in light of

1 the circumstances under which they were made, not misleading, as set forth more particularly  
2 herein, and engaged in transactions, practices and a course of business which operated as a fraud  
3 and deceit upon the purchasers of the Company's securities during the Class Period.

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

16         56. Defendants had actual knowledge of the misrepresentations and/or omissions of  
17 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to  
18 ascertain and to disclose such facts, even though such facts were available to them. Such  
19 defendants' material misrepresentations and/or omissions were done knowingly or recklessly and  
20 for the purpose and effect of concealing Zuora's financial well-being and prospects from the  
21 investing public and supporting the artificially inflated price of its securities. As demonstrated by  
22 Defendants' overstatements and/or misstatements of the Company's business, operations, financial  
23 well-being, and prospects throughout the Class Period, Defendants, if they did not have actual  
24 knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain  
25 such knowledge by deliberately refraining from taking those steps necessary to discover whether  
26 those statements were false or misleading.

27         57. As a result of the dissemination of the materially false and/or misleading  
28 information and/or failure to disclose material facts, as set forth above, the market price of Zuora's

1 securities was artificially inflated during the Class Period. In ignorance of the fact that market  
2 prices of the Company's securities were artificially inflated, and relying directly or indirectly on  
3 the false and misleading statements made by Defendants, or upon the integrity of the market in  
4 which the securities trades, and/or in the absence of material adverse information that was known  
5 to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants  
6 during the Class Period, Plaintiff and the other members of the Class acquired Zuora's securities  
7 during the Class Period at artificially high prices and were damaged thereby.

8 58. At the time of said misrepresentations and/or omissions, Plaintiff and other  
9 members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff  
10 and the other members of the Class and the marketplace known the truth regarding the problems  
11 that Zuora was experiencing, which were not disclosed by Defendants, Plaintiff and other  
12 members of the Class would not have purchased or otherwise acquired their Zuora securities, or, if  
13 they had acquired such securities during the Class Period, they would not have done so at the  
14 artificially inflated prices which they paid.

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

17 60. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the  
18 other members of the Class suffered damages in connection with their respective purchases and  
19 sales of the Company's securities during the Class Period.

## 20 **SECOND CLAIM**

### 21 **Violation of Section 20(a) of The Exchange Act** 22 **Against the Individual Defendants**

23 61. Plaintiff repeats and re-alleges each and every allegation contained above as if fully  
24 set forth herein.

25 62. Individual Defendants acted as controlling persons of Zuora within the meaning of  
26 Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and  
27 their ownership and contractual rights, participation in, and/or awareness of the Company's  
28 operations and intimate knowledge of the false financial statements filed by the Company with the

1 SEC and disseminated to the investing public, Individual Defendants had the power to influence  
2 and control and did influence and control, directly or indirectly, the decision-making of the  
3 Company, including the content and dissemination of the various statements which Plaintiff  
4 contends are false and misleading. Individual Defendants were provided with or had unlimited  
5 access to copies of the Company's reports, press releases, public filings, and other statements  
6 alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and  
7 had the ability to prevent the issuance of the statements or cause the statements to be corrected.

8 63. In particular, Individual Defendants had direct and supervisory involvement in the  
9 day-to-day operations of the Company and, therefore, had the power to control or influence the  
10 particular transactions giving rise to the securities violations as alleged herein, and exercised the  
11 same.

12 64. As set forth above, Zuora and Individual Defendants each violated Section 10(b)  
13 and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position  
14 as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange  
15 Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other  
16 members of the Class suffered damages in connection with their purchases of the Company's  
17 securities during the Class Period.

18 **PRAYER FOR RELIEF**

19 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

20 (a) Determining that this action is a proper class action under Rule 23 of the Federal  
21 Rules of Civil Procedure;

22 (b) Awarding compensatory damages in favor of Plaintiff and the other Class members  
23 against all defendants, jointly and severally, for all damages sustained as a result of Defendants'  
24 wrongdoing, in an amount to be proven at trial, including interest thereon;

25 (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in  
26 this action, including counsel fees and expert fees; and

27 (d) Such other and further relief as the Court may deem just and proper.

28

1 **JURY TRIAL DEMANDED**

2 Plaintiff hereby demands a trial by jury.

3 DATED: \_\_\_\_\_, 2019 **GLANCY PRONGAY & MURRAY LLP**

4  
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