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ALBERT NICHOLAS HORVATH

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

ALBERT NICHOLAS HORVATH,
Individually and on Behalf of All Others
Similarly Situated,

Plaintiff,

v.

RIVIAN AUTOMOTIVE, INC.; ROBERT J.
SCARINGE; CLAIRE MCDONOUGH;
JEFFREY R. BAKER; JITEN BEHL;
KAREN BOONE; SANFORD
SCHWARTZ; ROSE MARCARIO; PETER
KRAWIEC; JAY FLATLEY; PAMELA
THOMAS-GRAHAM; MORGAN
STANLEY & CO. LLC; GOLDMAN
SACHS & CO. LLC; J.P. MORGAN
SECURITIES LLC; BARCLAYS CAPITAL
INC.; DEUTSCHE BANK SECURITIES
INC.; ALLEN & COMPANY LLC; BofA
SECURITIES, INC.; MIZUHO
SECURITIES USA LLC; WELLS FARGO
SECURITIES, LLC; NOMURA
SECURITIES INTERNATIONAL, INC.;
PIPER SANDLER & CO.; RBC CAPITAL
MARKETS, LLC; ROBERT W. BAIRD &

Case No. 8:22-cv-00444

CLASS ACTION

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

DEMAND FOR JURY TRIAL

1 CO. INCORPORATED; WEDBUSH
2 SECURITIES INC.; ACADEMY
3 SECURITIES, INC.; BLAYLOCK VAN,
4 LLC; CABRERA CAPITAL MARKETS
5 LLC; C.L. KING & ASSOCIATES, INC.;
6 LOOP CAPITAL MARKETS LLC;
7 SAMUEL A. RAMIREZ & COMPANY,
8 INC.; SIEBERT WILLIAMS SHANK &
9 CO., LLC; and TIGRESS FINANCIAL
10 PARTNERS, LLC,

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Defendants.

1 Plaintiff Albert Nicholas Horvath (“Plaintiff”), by and through Plaintiff’s
2 counsel, alleges the following based upon personal knowledge as to Plaintiff and
3 Plaintiff’s own acts, and upon information and belief as to all other matters, including
4 the investigation of Plaintiff’s counsel, which included, among other things, a review
5 of Defendants’ (defined below) United States Securities and Exchange Commission
6 (“SEC”) filings, wire and press releases published by Rivian Automotive, Inc.
7 (“Rivian” or the “Company”), analyst reports and advisories about the Company,
8 media reports concerning the Company, judicial filings and opinions, and other
9 publicly available information. Plaintiff believes that substantial additional
10 evidentiary support will exist for the allegations set forth herein after a reasonable
11 opportunity for discovery.

12 **I. NATURE OF THE ACTION AND OVERVIEW**

13 1. This is a federal securities class action on behalf of a class (the “Class”)
14 of all persons and entities who purchased Rivian common stock between November
15 10, 2021, and March 10, 2022, inclusive (the “Class Period”), and all persons and
16 entities who purchased Rivian common stock pursuant and/or traceable to the
17 Registration Statement (defined below) issued in connection with Rivian’s November
18 2021 initial public offering (the “IPO”). This action asserts claims under Sections
19 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and
20 Sections 11 and 15 of the Securities Act of 1933 (the “Securities Act”) against Rivian
21 and certain of the Company’s officers, directors, and underwriters.

22 2. Rivian, a Delaware corporation with principal executive offices in Irvine,
23 California, designs, develops, and manufactures electric vehicles (“EVs”), including
24 an electric SUV (the “R1S”) and an electric pickup truck (the “R1T”).

25 3. On October 1, 2021, Rivian filed a registration statement for the IPO on
26 Form S-1, which, after several amendments, was declared effective on November 9,
27 2021 (the “Registration Statement”). On November 9, 2021, Rivian issued the
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1 prospectus for the IPO on Form 424B4, which incorporated and formed part of the
2 Registration Statement.

3 4. In connection with the IPO, Rivian offered and sold 175,950,000 shares
4 of its common stock at a price to the public of \$78.00 per share, which included the
5 exercise in full by the IPO underwriters of their option to purchase an additional
6 22,950,000 shares of the Company's common stock. The gross proceeds to the
7 Company from the IPO were \$13,724,100,000, before deducting underwriting
8 discounts and commissions, and estimated offering expenses payable by the Company.

9 5. In the Registration Statement, Defendants represented—among other
10 things—that Rivian had 55,400 combined preorders for the R1T and R1S, and that
11 Rivian planned to “produce approximately 1,200 R1Ts and 25 R1Ss and deliver
12 approximately 1,000 R1Ts and 15 R1Ss” by the end of 2021.

13 6. In the Registration Statement and throughout the Class Period,
14 Defendants made materially false and/or misleading statements, as well as failed to
15 disclose material adverse facts, about the Company's business and operations.
16 Specifically, Defendants made false and/or misleading statements and/or failed to
17 disclose that: (1) Rivian would not meet its 2021 production and delivery targets; (2)
18 Rivian's vehicles were underpriced and the Company would need to substantially
19 increase prices; and (3) as a result, Defendants' representations about the Company's
20 business, operations, and prospects lacked a reasonable basis.

21 7. The truth about Rivian's production capabilities and business prospects
22 began to emerge on December 16, 2021, when Rivian disclosed that it would fall “a
23 few hundred vehicles short of [its] 2021 production target of 1,200 [vehicles].” In
24 addition to admitting that production was lagging behind, Defendant Robert J.
25 Scaringe—the Company's Founder, Chief Executive Officer, and Chairman—
26 acknowledged that Rivian's vehicles were “very aggressively priced” and that, against
27 “the backdrop of inflation,” the Company was “look[ing] at [their] pricing.”
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1 8. On this news, Rivian's stock price fell \$11.17 per share, or more than
2 10%, from a close of \$108.87 per share on December 16, 2021, to close at \$97.70 per
3 share on December 17, 2021.

4 9. On January 10, 2022, Rivian confirmed that it had only "produced 1,015
5 vehicles by the end of 2021" and that only "920 vehicles were delivered by that date."

6 10. Additional corrective information surfaced on March 1, 2022, when
7 Rivian announced that it would dramatically increase the starting price of the R1T by
8 about 17% (to approximately \$79,000 from \$67,500), and the R1S by about 20% (to
9 approximately \$84,500 from \$70,000). Notably, these price changes would apply not
10 only to future orders, but also to existing preorders (many of which had been placed
11 as long as three or more years prior). According to Defendant Jiten Behl—the
12 Company's Chief Growth Officer—the price increases were the result of "inflationary
13 pressure, increasing component costs, and unprecedented supply chain shortages and
14 delays for parts (including semiconductor chips)."

15 11. In a swift and fierce backlash, media outlets reported that many Rivian
16 customers reported that they had cancelled, or planned to cancel, their preorders as a
17 result of the dramatic price hikes.

18 12. On this news, Rivian's stock price fell \$8.35 per share, or more than 13%,
19 from a close of \$61.91 per share on March 1, 2022, to close at \$53.56 per share on
20 March 2, 2022.

21 13. Just two days later, on March 3, 2022, Defendants retracted aspects of the
22 price increases, now announcing that preorders that had been placed before March 1,
23 2022, would not be subject to the new prices, and that customers who had cancelled
24 their preorders could reinstate their orders at the original prices. Defendant Scaringe
25 admitted that applying the price increases to existing preorders was "wrong" and
26 "broke [customers'] trust in Rivian."
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1 14. On this news, Rivian’s stock price fell an additional \$2.65 per share, or
2 approximately 5%, from a close of \$53.56 per share on March 2, 2022, to close at
3 \$50.91 per share on March 3, 2022.

4 15. Then, on March 10, 2022, Rivian announced disappointing financial
5 results for the fourth quarter of fiscal year 2021, including revenue and adjusted losses
6 per share that fell far below analysts’ estimates. Additionally, while analysts had
7 expected Rivian to produce 40,000 vehicles in 2022, Defendants disclosed that the
8 Company expected to produce only 25,000 vehicles in 2022.

9 16. On this news, Rivian’s stock price fell \$3.11 per share, or approximately
10 7.5%, from a close of \$41.16 per share on March 10, 2022, to close at \$38.05 per share
11 on March 11, 2022.

12 17. Critically, Defendants’ December 2021 and March 2022 admissions
13 corroborate allegations raised a week *prior* to the IPO by Laura Schwab (“Schwab”)—
14 a former Rivian executive—who had sued the Company for gender discrimination and
15 alleged that senior executives had been warned of production issues and that “it was
16 clear that the [Company’s] vehicles were underpriced, and each sale would result in a
17 loss [for] the [C]ompany.” Schwab also alleged in her November 4, 2021 lawsuit that
18 she had reported her pricing concerns to other Rivian executives beginning in the
19 spring of 2021, including Defendant Behl—who initially “brushed her off” but
20 eventually agreed that the Company “would need to raise the vehicle prices after the
21 IPO.”

22 18. As a result of Defendants’ wrongful acts and omissions, and the decline
23 in the market value of the Company’s common stock when the truth was revealed,
24 Plaintiff and other members of the Class have suffered significant damages.

25 **II. JURISDICTION AND VENUE**

26 19. Plaintiff’s claims arise under Sections 10(b) and 20(a) of the Exchange
27 Act, 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations promulgated
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1 thereunder, including SEC Rule 10b-5, 17 C.F.R. § 240.10b-5, and Sections 11 and 15
2 of the Securities Act, 15 U.S.C. §§ 77k and 77o.

3 20. This Court has jurisdiction over the subject matter of this action under 28
4 U.S.C. § 1331, Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and Section 22 of
5 the Securities Act, 15 U.S.C. § 77v.

6 21. Venue is proper in this District under Section 27 of the Exchange Act, 15
7 U.S.C. § 78aa, 28 U.S.C. § 1391(b), and Section 22 of the Securities Act, 15 U.S.C. §
8 77v because Rivian is headquartered in this District, Defendants conduct business in
9 this District, and many of the acts and conduct that constitute the violations of law
10 complained of herein, including the dissemination to the public of materially false and
11 misleading information, occurred in this District.

12 22. In connection with the acts, conduct, and other wrongs alleged in this
13 Complaint, Defendants, directly or indirectly, used the means and instrumentalities of
14 interstate commerce, including the United States mails, interstate telephone
15 communications, and the facilities of the national securities markets.

16 **III. PARTIES**

17 23. Plaintiff, as set forth in the accompanying certification, incorporated by
18 reference herein, purchased Rivian common stock at artificially inflated prices during
19 the Class Period, including common stock traceable to the Registration Statement, and
20 has been damaged thereby.

21 24. Defendant Rivian is a Delaware corporation headquartered at 14600
22 Myford Road, Irvine, California.

23 25. Defendant Robert J. Scaringe (“Scaringe”) is Rivian’s Founder and Chief
24 Executive Officer, and is the Chairman of the Company’s Board of Directors.
25 Scaringe signed the Registration Statement.

26 26. Defendant Claire McDonough (“McDonough”) is Rivian’s Chief
27 Financial Officer. McDonough signed the Registration Statement.

1 27. Defendant Jeffrey R. Baker (“Baker”) is Rivian’s Chief Accounting
2 Officer. Baker signed the Registration Statement.

3 28. Defendant Jiten Behl (“Behl”) is Rivian’s Chief Growth Officer.

4 29. Defendant Karen Boone (“Boone”) is a Rivian Director and signed the
5 Registration Statement.

6 30. Defendant Sanford Schwartz (“Schwartz”) is a Rivian Director and
7 signed the Registration Statement.

8 31. Defendant Rose Marcario (“Marcario”) is a Rivian Director and signed
9 the Registration Statement.

10 32. Defendant Peter Krawiec (“Krawiec”) is a Rivian Director and signed the
11 Registration Statement.

12 33. Defendant Jay Flatley (“Flatley”) is a Rivian Director and signed the
13 Registration Statement.

14 34. Defendant Pamela Thomas-Graham (“Thomas-Graham”) is a Rivian
15 Director and signed the Registration Statement.

16 35. Scaringe, McDonough, Baker, Behl, Boone, Schwartz, Marcario,
17 Krawiec, Flatley, and Thomas-Graham are collectively referred to as the “Individual
18 Defendants.”

19 36. The Individual Defendants, because of their positions with the Company,
20 possessed the power and authority to control the contents of Rivian’s reports to the
21 SEC, press releases, and presentations to securities analysts, money and portfolio
22 managers, and institutional investors, *i.e.*, the market. Each Individual Defendant was
23 provided with copies of the Company’s reports alleged herein to be misleading prior
24 to, or shortly after, their issuance and had the ability and opportunity to prevent their
25 issuance or cause them to be corrected. Because of their positions and access to
26 material non-public information available to them, each of the Individual Defendants
27 knew that the adverse facts specified herein had not been disclosed to, and/or were
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1 being concealed from, the public, and that the positive representations that were being
2 made were then materially false and/or misleading.

3 37. Defendants Morgan Stanley & Co. LLC (“Morgan Stanley”), Goldman
4 Sachs & Co. LLC (“Goldman Sachs”), J.P. Morgan Securities LLC (“J.P. Morgan”),
5 Barclays Capital Inc. (“Barclays”), Deutsche Bank Securities Inc. (“Deutsche Bank”),
6 Allen & Company LLC (“Allen & Company”), BofA Securities, Inc. (“BofA”),
7 Mizuho Securities USA LLC (“Mizuho”), Wells Fargo Securities, LLC (“Wells
8 Fargo”), Nomura Securities International, Inc. (“Nomura”), Piper Sandler & Co.
9 (“Piper Sandler”), RBC Capital Markets, LLC (“RBC”), Robert W. Baird & Co.
10 Incorporated (“Robert W. Baird”), Wedbush Securities Inc. (“Wedbush”), Academy
11 Securities, Inc. (“Academy”), Blaylock Van, LLC (“Blaylock Van”), Cabrera Capital
12 Markets LLC (“Cabrera”), C.L. King & Associates, Inc. (“C.L. King”), Loop Capital
13 Markets LLC (“Loop”), Samuel A. Ramirez & Company, Inc. (“Samuel A. Ramirez”),
14 Siebert Williams Shank & Co., LLC (“Siebert Williams Shank”), and Tigress
15 Financial Partners, LLC (“Tigress”)—collectively referred to herein as the
16 “Underwriter Defendants”—were underwriters of Rivian’s IPO.

17 38. Rivian, the Individual Defendants, and the Underwriter Defendants are
18 collectively referred to herein as “Defendants.”

19 **IV. SUBSTANTIVE ALLEGATIONS**

20 **A. Defendants’ False and Misleading Statements**

21 39. The Company commenced its IPO on or about November 10, 2021,
22 raising more than \$13.7 billion (prior to underwriting discounts and commissions, and
23 estimated expenses) from investors by selling 175,950,000 shares of its common stock
24 at a price to the public of \$78.00 per share, which included the exercise in full by the
25 IPO underwriters of their option to purchase an additional 22,950,000 shares of the
26 Company’s common stock.

1 40. The Registration Statement contained misleading statements of material
2 fact, and omitted material facts required by governing regulations and necessary to
3 make statements in the Registration Statement not misleading.

4 41. The Registration Statement specifically touted Rivian's production
5 capabilities and targets, stating:

6 In the consumer market, we launched the R1 platform with
7 our first-generation consumer vehicle, the R1T, a two-row
8 five-passenger pickup truck, and began making customer
9 deliveries in September 2021. As of September 30, 2021,
10 we produced 12 R1Ts and delivered 11 R1Ts, and as of
11 October 31, 2021, we produced 180 R1Ts and delivered 156
12 R1Ts. Nearly all of these vehicles were delivered to Rivian
13 employees, and we expect to ramp deliveries to third-party
14 customers as we increase our production rate. We plan to
15 launch and commence customer deliveries for the R1S, a
16 three-row seven-passenger sports utility vehicle ("SUV") in
17 December 2021 following the completion of ongoing
18 vehicle validation and all required testing. By the end of
19 2021, we intend to produce approximately 1,200 R1Ts and
20 25 R1Ss and deliver approximately 1,000 R1Ts and 15
21 R1Ss.

22 42. Consistent with Rivian's production targets, the Registration Statement
23 also emphasized the Company's growth potential, explaining that:

24 As of October 31, 2021, we had approximately 55,400 R1T
25 and R1S preorders in the United States and Canada from
26 customers who each paid a cancellable and fully refundable
27 deposit of \$1,000.
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* * *

Based on our current production forecast, we expect to fill our preorder backlog of approximately 55,400 R1 vehicles by the end of 2023. Our manufacturing facility in Normal, Illinois (the “Normal Factory”) is currently equipped to produce up to 150,000 vehicles annually (distributed between the R1 platform, which will be used to produce the R1T and R1S, and the RCV platform, which will be used to produce EDVs and other commercial vehicles), when the equipment is operated at full rate and on multiple shifts. The current annual installed capacity for the R1 platform and RCV platform is approximately 65,000 and 85,000 vehicles, respectively. We produced 104 R1T vehicles during the last week of October 2021, representing approximately 8% of our target R1 production rate. Our target is to produce approximately 1,310 R1 vehicles a week, which when annualized (assuming 49.6 working weeks per year), equates to the current installed R1 platform capacity of approximately 65,000 R1 vehicles annually. With respect to the RCV platform, our target is to produce approximately 1,710 commercial vehicles (including EDVs) a week, which when annualized (assuming 49.6 working weeks per year), equates to the current installed RCV platform capacity of approximately 85,000 vehicles annually. We expect our vehicle production rate will improve as we continue to increase the speed of the line, hire and train employees to run additional shifts, commence production of the R1S and

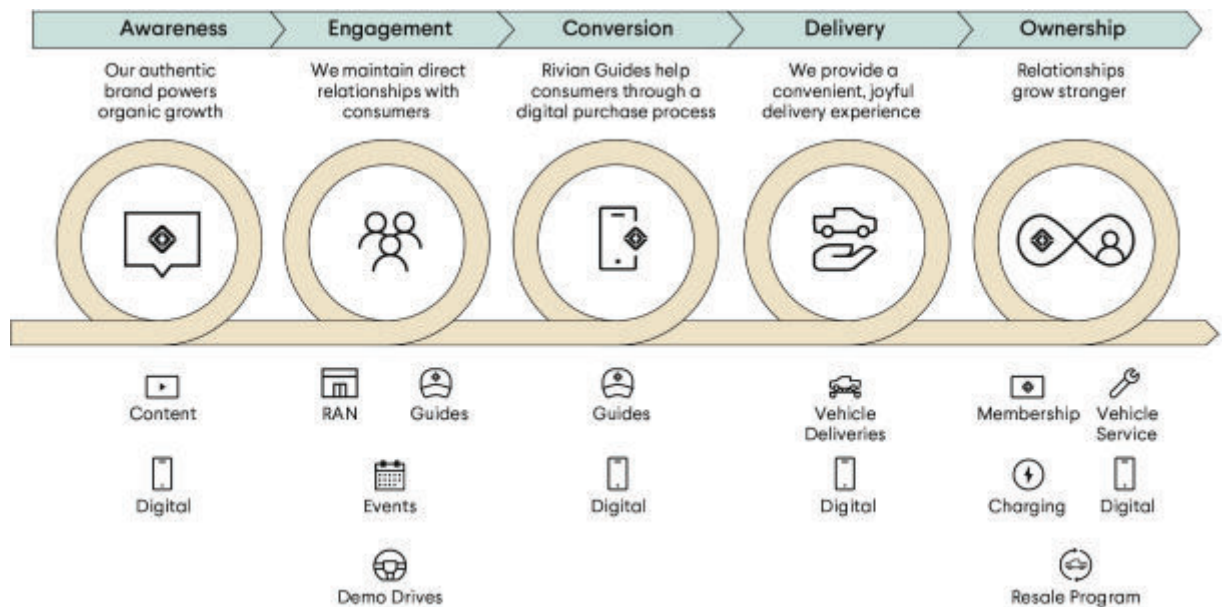
1 EDVs, and increase the rate of purchased materials from our
2 supply chain. We expect to reach a vehicle production rate,
3 which, when annualized, would result in us using 100% of
4 the facility's current installed capacity of up to 150,000
5 vehicles by late 2023.

6 43. As detailed in the Registration Statement, Rivian's customer
7 relationships were an integral part of the Company's business strategy:

8 ***Direct Customer Relationships.*** We are a customer-centric
9 organization. Our direct relationships with customers allow
10 us to design solutions that best serve their needs, drive strong
11 engagement, remove structural inefficiencies, create
12 transparency, and increase customer satisfaction and
13 referrals. Our relationships also serve as a medium for
14 establishing a real-time feedback loop, through which we
15 gather valuable data to improve our products and services.
16 By controlling every customer touchpoint from awareness
17 through ownership, we replace a patchwork of third parties
18 with our end-to-end, integrated solutions. We expect to
19 deliver more value to customers along with a superior
20 experience that will generate brand loyalty and increase
21 adoption of our offerings.

22 44. Similarly, the Registration Statement noted that the Company's success
23 hinged upon customers' initial experience with the R1T and R1S, stating that these
24 vehicles "are our handshake with the world, the first step in building a relationship
25 with customers" and that Rivian is "focused on ensuring this first experience with a
26 Rivian vehicle creates excitement and passion for our brand."
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45. According to the Registration Statement, “[e]very aspect of our brand has been developed and is being managed in-house to ensure we create a unique consumer journey that is difficult to replicate” as “[e]ach step builds on the other, forming a completely integrated and seamless experience for our owners”:



46. The Registration Statement further stated that:

Our success depends on attracting a large number of potential customers to purchase our vehicles and the associated services we will provide to our customers. As of October 31, 2021, we had accepted preorders for approximately 55,400 R1Ts and R1Ss in the United States and Canada. Preorders are not commitments to purchase our R1T or R1S and are subject to cancelation by customers. If our existing preorder and prospective customers do not perceive our vehicles and services to be of sufficiently high value and quality, cost competitive and appealing in aesthetics or performance, or if the final production version

1 of the R1S is not sufficiently similar to the drivable design
2 prototypes, we may not be able to retain our current preorder
3 customers or attract new customers, and our business,
4 prospects, financial condition, results of operations, and
5 cash flows would suffer as a result.

6 47. At the time of the IPO, the starting prices for the R1T and R1S were
7 \$67,500 and \$70,000, respectively.

8 48. The statements set forth in ¶¶ 41–46 were materially false and/or
9 misleading when made because Defendants misrepresented and/or failed to disclose
10 that: (1) Rivian would not meet its 2021 production and delivery targets; (2) Rivian’s
11 vehicles were underpriced and the Company would need to substantially increase
12 prices; and (3) as a result, Defendants’ representations about the Company’s business,
13 operations, and prospects lacked a reasonable basis.

14 49. Additionally, pursuant to Item 303 of SEC Regulation S-K and the SEC’s
15 related interpretive releases thereto, an issuer is required to disclose “any known trends
16 or uncertainties that have had or that the registrant reasonably expects will have a
17 material favorable or unfavorable impact on net sales or revenues or income from
18 continuing operations.” 17 C.F.R. § 229.303(b)(2)(ii). Such disclosures are required
19 to be made by an issuing company in registration statements filed in connection with
20 public stock offerings.

21 50. However, the Registration Statement failed to disclose material
22 information regarding known trends and uncertainties pursuant to Item 303. As
23 alleged herein, the Registration Statement failed to disclose that Rivian would not meet
24 its 2021 production and delivery targets and that Rivian’s vehicles were underpriced
25 and the Company would need to substantially increase prices. Defendants had a duty
26 to disclose these known trends and uncertainties. Because the Registration Statement
27 failed to make the requisite disclosures, Defendants violated Item 303.

B. The Truth Begins to Emerges

51. The truth about Rivian’s production capabilities and business prospects began to emerge on December 16, 2021, when Rivian announced its first quarterly financial results as a publicly traded company. In connection with these financial results, Rivian revealed that it “expect[ed] to be a few hundred vehicles short of [its] 2021 production target of 1,200 [vehicles].” In explaining the shortfall, Defendant Scaringe stated that “ramping up a production system like this [is] a really complex orchestra,” and that “ramping up the R1S [production line] in November, while also ramping production of the R1T was more challenging than expected.”

52. Additionally, Defendants admitted that they were considering price increases for their vehicles, with Defendant Scaringe acknowledging that Rivian’s vehicles are “very aggressively priced,” and that the adjustment of vehicle prices is “something that we’ve certainly considered and talked about quite a bit as a management team.” When an analyst asked whether the Company was “looking at opportunities to adjust pricing just based on what the demand is for the product,” Defendant Scaringe explained that it’s “certainly the backdrop of inflation that we’re seeing, and a very strong demand for products . . . broadly within the electrified space has caused us to look at our pricing.”

53. Despite acknowledging production issues and inflationary price pressure, Defendants reassured investors that Rivian’s growth prospects were strong. For example, Defendant Behl explained that the Company continued “to observe strong affinity for our brand, as evidenced by the . . . backlog of preorders.” Specifically, Behl reported that the Company now had approximately 71,000 preorders for the R1T and R1S—a 28% increase in a little over a month since the IPO. Rivian reiterated that its manufacturing facility “has installed capacity to annually produce 150,000 vehicles” and claimed that the volume of preorders demonstrates that the Company’s

1 vehicles “resonate with customers” and “have established the Rivian brand in the most
2 attractive consumer and commercial vehicle market segments.”

3 54. On this news, Rivian’s stock price fell \$11.17 per share, or more than
4 10%, from a close of \$108.87 per share on December 16, 2021, to close at \$97.70 per
5 share on December 17, 2021.

6 55. On January 10, 2022, Rivian confirmed that it had only “produced 1,015
7 vehicles by the end of 2021” and that only “920 vehicles were delivered by that date.”

8 56. Additional information correcting Defendants’ statements and omissions
9 emerged on March 1, 2022, when Rivian announced that it would dramatically
10 increase the starting price of the R1T by about 17% (to approximately \$79,000 from
11 \$67,500), and the R1S by about 20% (to approximately \$84,500 from \$70,000). In
12 addition to increasing the starting prices for the R1T and R1S, under the new pricing
13 scheme, vehicle feature “[c]onfigurations that had previously been standard, or the
14 only available option, now cost thousands of dollars extra,” such that a customer who
15 preordered a \$75,000 vehicle could now be required to pay nearly \$100,000 for the
16 same features. Rivian’s price increases would apply not only to future orders, but also
17 to existing preorders (many of which had been placed as long as three or more years
18 prior). According to Defendant Behl, the price increases were the result of
19 “inflationary pressure, increasing component costs, and unprecedented supply chain
20 shortages and delays for parts (including semiconductor chips).”

21 57. As reported by numerous media outlets, many customers who had
22 preordered Rivian vehicles (some as many as three or more years prior) were outraged
23 and had indicated that they were canceling their preorders due to the price increases.
24 As explained by *Vice*:

25 Price increases are obviously a fact of life these days,
26 especially with the car market, a key driver of inflation. But
27 it is rare to see car companies apply price changes, especially
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1 such drastic ones, to existing preorders. For example, Tesla
2 regularly changes vehicle prices, but only to new orders.
3 Legacy automakers have been fighting with dealers who are
4 charging much more than the sticker price for electric
5 vehicle preorders, telling them to knock it off.

6 58. In response to news of the Company's substantial (and expansive) price
7 increases, Rivian's stock price fell \$8.35 per share, or more than 13%, from a close of
8 \$61.91 per share on March 1, 2022, to close at \$53.56 per share on March 2, 2022.

9 59. Facing significant investor and customer backlash, Rivian backtracked
10 just two days later on March 3, 2022, and announced that it would not apply the price
11 increases to preorders that had been placed before March 1, 2022. Additionally, the
12 Company indicated that it would also allow customers who had cancelled their
13 preorders to reinstate their orders at the original prices. In announcing these changes,
14 Defendant Scaringe acknowledged that the extension of the price increases to existing
15 preorders was "wrong" and "broke [customers'] trust in Rivian." Indeed, as explained
16 by an analyst from CFRA Research, "the damage has been done and many customers
17 will be purchasing EVs from competitors instead."

18 60. On this news, Rivian's stock price fell an additional \$2.65 per share, or
19 approximately 5%, from a close of \$53.56 per share on March 2, 2022, to close at
20 \$50.91 per share on March 3, 2022.

21 61. Then, on March 10, 2022, Rivian announced disappointing financial
22 results for the fourth quarter of fiscal year 2021, including revenue (\$54 million) and
23 adjusted losses (\$2.43 per share) that fell far below analysts' estimates. Additionally,
24 while analysts had expected Rivian to produce 40,000 vehicles in 2022 (and
25 Defendants had previously indicated that its manufacturing facility "has installed
26 capacity to annually produce 150,000 vehicles"), Rivian revealed that it expected to
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1 produce only 25,000 vehicles in 2022 “due to the supply chain constraints currently
2 visible to [them].”

3 62. On this news, Rivian’s stock price fell \$3.11 per share, or approximately
4 7.5%, from a close of \$41.16 per share on March 10, 2022, to close at \$38.05 per share
5 on March 11, 2022.

6 63. Defendants’ admissions regarding the production and pricing issues
7 impacting Rivian’s operations validate the concerns raised by Laura Schwab with
8 fellow Rivian executives prior to the Company’s November 2021 IPO. As discussed
9 in her November 4, 2021 employment discrimination lawsuit, Schwab raised concerns
10 in pre-IPO planning meetings in September 2021 that “the publicly announced dates
11 for manufacturing and delivery were not achievable,” and with Defendant Behl that
12 “the manufacturing process had yet to be refined to a point that the company could
13 confidently assure a consumer of the vehicle’s quality, integrity, and safety.”
14 Similarly, Schwab alleged that she raised concerns with several executives, including
15 Defendant Behl, that “it was clear that the vehicles were underpriced, and each sale
16 would result in a loss [for] the [C]ompany.” According to Schwab, Defendant Behl
17 “brushed her off” but later “agreed that they would need to raise the vehicle prices
18 *after the IPO*” when a male executive subsequently raised the same concerns
19 (emphasis added).

20 64. Ultimately, the December 2021 and March 2022 corrective disclosures
21 demonstrate that Schwab’s pre-IPO concerns were ignored by Defendants until after
22 the IPO was completed.

23 **V. CLASS ACTION ALLEGATIONS**

24 65. Plaintiff brings this class action under Rule 23 of the Federal Rules of
25 Civil Procedure on behalf of the Class consisting of all persons and entities who
26 purchased Rivian common stock between November 10, 2021, and March 10, 2022,
27 inclusive, and all persons and entities who purchased Rivian common stock pursuant
28

1 and/or traceable to the Registration Statement issued in connection with Rivian's
2 November 2021 IPO. Excluded from the Class are Defendants, their agents, directors
3 and officers of Rivian and/or the Underwriter Defendants, and their families and
4 affiliates.

5 66. The members of the Class are so numerous that joinder of all members is
6 impracticable. The disposition of their claims in a class action will provide substantial
7 benefits to the parties and the Court.

8 67. There is a well-defined community of interest in the questions of law and
9 fact involved in this case. Questions of law and fact common to the members of the
10 Class which predominate over questions which may affect individual Class members
11 include:

- 12 a. Whether Rivian and the Individual Defendants violated the
- 13 Exchange Act;
- 14 b. Whether Defendants violated the Securities Act;
- 15 c. Whether Defendants omitted and/or misrepresented material
- 16 facts;
- 17 d. Whether Defendants' statements omitted material facts
- 18 necessary in order to make the statements made, in light of
- 19 the circumstances under which they were made, not
- 20 misleading;
- 21 e. Whether Rivian and the Individual Defendants knew or
- 22 recklessly disregarded that their statements were false and
- 23 misleading;
- 24 f. Whether the prices of Rivian common stock were artificially
- 25 inflated; and
- 26 g. The extent of damage sustained by members of the Class and
- 27 the appropriate measure of damages.
- 28

1 68. Plaintiff's claims are typical of those of the Class because Plaintiff and
2 the Class sustained damages from Defendants' wrongful conduct.

3 69. Plaintiff will adequately protect the interests of the Class and has retained
4 counsel who are experienced in securities class actions. Plaintiff has no interests that
5 conflict with those of the Class.

6 70. A class action is superior to other available methods for the fair and
7 efficient adjudication of this controversy. Joinder of all Class members is
8 impracticable.

9 **VI. PRESUMPTION OF RELIANCE**

10 71. At all relevant times, the market for Rivian's common stock was an
11 efficient market for the following reasons, among others:

- 12 a. Rivian's common stock met the requirements for listing, and was listed
13 and actively traded on the NASDAQ, a highly efficient and automated
14 market;
- 15 b. As a regulated issuer, Rivian filed periodic public reports with the SEC
16 and the NASDAQ;
- 17 c. Rivian regularly and publicly communicated with investors via
18 established market communication mechanisms, including through
19 regular disseminations of press releases on the national circuits of major
20 newswire services and through other wide-ranging public disclosures,
21 such as communications with the financial press and other similar
22 reporting services; and
- 23 d. Rivian was followed by several securities analysts employed by major
24 brokerage firm(s) who wrote reports which were distributed to the sales
25 force and certain customers of their respective brokerage firm(s). Each
26 of these reports was publicly available and entered the public
27 marketplace.
- 28

1 72. As a result of the foregoing, the market for Rivian’s common stock
2 promptly digested current information regarding Rivian from all publicly available
3 sources and reflected such information in the price of Rivian’s common stock. Under
4 these circumstances, all purchasers of Rivian’s common stock during the Class Period
5 suffered similar injury through their purchase of Rivian’s common stock at artificially
6 inflated prices and the presumption of reliance applies.

7 73. A Class-wide presumption of reliance is also appropriate in this action
8 under the Supreme Court’s holding in *Affiliated Ute Citizens of the State of Utah v.*
9 *United States*, 406 U.S. 128 (1972), because the Class’s claims are grounded on
10 Defendants’ material omissions. Because this Action involves Defendants’ failure to
11 disclose material adverse information regarding the availability of reliable data to
12 predict future demand for the Company’s supplies which artificially inflated
13 revenue—information that Defendants were obligated to disclose—positive proof of
14 reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld
15 be material in the sense that a reasonable investor might have considered them
16 important in making investment decisions. Given the importance of the Company’s
17 ability to reliably predict demand for its supplies and place the appropriate amount of
18 inventory into its channel network, that requirement is satisfied here.

19 **VII. NO SAFE HARBOR**

20 74. Defendants’ “Safe Harbor” warnings accompanying any forward-looking
21 statements issued during the Class Period were ineffective to shield those statements
22 from liability. Defendants are liable for any false and/or misleading forward-looking
23 statements pleaded because, at the time each forward-looking statement was made, the
24 speaker knew the forward-looking statement was false or misleading and the forward-
25 looking statement was authorized and/or approved by an executive officer of the
26 Company who knew that the forward-looking statement was false. None of the
27 historic or present-tense statements made by Defendants were assumptions underlying
28

1 or relating to any plan, projection, or statement of future economic performance, as
2 they were not stated to be such assumptions underlying or relating to any projection
3 or statement of future economic performance when made, nor were any of the
4 projections or forecasts made by Defendants expressly related to or stated to be
5 dependent on those historic or present-tense statements when made.

6 **VIII. LOSS CAUSATION/ECONOMIC LOSS**

7 75. Defendants' wrongful conduct directly and proximately caused the
8 economic loss suffered by Plaintiff and the Class. The prices of Rivian's common
9 stock significantly declined when the misrepresentations made to the market, and/or
10 the information alleged herein to have been concealed from the market, and/or the
11 effects thereof, were revealed, causing investors' losses. As a result of their purchases
12 of Rivian common stock during the Class Period and/or pursuant or traceable to the
13 Registration Statement, Plaintiff and the Class suffered economic loss, *i.e.*, damages,
14 under the federal securities laws.

15 **IX. CLAIMS AGAINST DEFENDANTS**

16 **COUNT I**

17 **Violation of Section 10(b) of the Exchange Act and** 18 **SEC Rule 10b-5 Promulgated Thereunder** 19 **Against Rivian and the Individual Defendants**

20 76. Plaintiff incorporates by reference the allegations in the preceding
21 paragraphs.

22 77. During the Class Period, Defendants carried out a plan, scheme, and
23 course of conduct that was intended to and, throughout the Class Period, did: (1)
24 deceive the investing public, including Plaintiff and the Class; and (2) cause Plaintiff
25 and the Class to purchase Rivian's common stock at artificially inflated prices. In
26 furtherance of this unlawful scheme, plan, and course of conduct, the Defendants, and
27 each of them, took the actions set forth herein.

1 78. Defendants: (1) employed devices, schemes, and artifices to defraud; (2)
2 made untrue statements of material fact and/or omitted material facts necessary to
3 make the statements not misleading; and (3) engaged in acts, practices, and a course
4 of business which operated as a fraud and deceit upon the purchasers of Rivian's
5 common stock in an effort to maintain artificially high market prices thereof in
6 violation of Section 10(b) of the Exchange Act and SEC Rule 10b-5.

7 79. During the Class Period, Rivian and the Individual Defendants made the
8 false statements specified above, which they knew or recklessly disregarded to be false
9 and misleading in that they contained misrepresentations and failed to disclose
10 material facts necessary in order to make the statements made, in light of the
11 circumstances under which they were made, not misleading.

12 80. Rivian and the Individual Defendants had actual knowledge of the
13 misrepresentations and omissions of material fact set forth herein, or recklessly
14 disregarded the true facts that were available to them. Defendants engaged in this
15 misconduct to conceal Rivian's true condition from the investing public and to support
16 the artificially inflated prices of Rivian's common stock.

17 81. Plaintiff and the Class have suffered damages in that, in reliance on the
18 integrity of the market, they paid artificially inflated prices for Rivian's common stock.
19 Plaintiff and the Class would not have purchased Rivian's common stock at the prices
20 they paid, or at all, had they been aware that the market prices for Rivian's common
21 stock had been artificially inflated by Rivian and the Individual Defendants' fraudulent
22 course of conduct

23 82. As a direct and proximate result of Defendants' wrongful conduct,
24 Plaintiff and the Class suffered damages in connection with their respective purchases
25 of Rivian's common stock during the Class Period.
26
27
28

COUNT II

Violation of Section 20(a) of the Exchange Act

Against the Individual Defendants

83. Plaintiff incorporates by reference the allegations in the preceding paragraphs.

84. The Individual Defendants acted as controlling persons of Rivian within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations, and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control—and did influence and control, directly or indirectly—the decision-making of the Company, including the content and dissemination of the various false and/or misleading statements. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

85. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular accounting practices giving rise to the securities violations as alleged herein, and exercised the same.

86. As described above, Rivian and the Individual Defendants each violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable under Section 20(a) of the Exchange Act. As a direct and proximate result of this wrongful conduct, Plaintiff and other members of the Class

1 suffered damages in connection with their purchases of Rivian's common stock during
2 the Class Period.

3 **COUNT III**

4 **Violation of Section 11 of the Securities Act**
5 **Against All Defendants (Except Defendant Behl)**

6 87. Plaintiff incorporates by reference the allegations in the preceding
7 paragraphs, with the exception that this claim is premised on the remedies available
8 under Section 11 of the Securities Act, 15 U.S.C. § 77k, and expressly excludes and
9 disclaims any allegation that Defendants acted with fraudulent intent or recklessness.

10 88. The Registration Statement contained untrue statements of material fact,
11 omitted to state other facts necessary to make the statements made therein not
12 misleading and/or omitted facts required to be stated therein.

13 89. Each of Defendants named herein is responsible for and are liable for the
14 contents and dissemination of the Registration Statement.

15 90. The Individual Defendants (with the exception of Defendant Behl) each
16 signed the Registration Statement and caused it to be declared effective by the SEC.

17 91. Rivian is the registrant for the IPO and as issuer of the shares is strictly
18 liable to Plaintiff and the Class for the misstatements and omissions in the Registration
19 Statement.

20 92. The Underwriter Defendants underwrote the IPO and their failure to
21 conduct an adequate due diligence investigation was a substantial factor leading to the
22 harm complained of herein.

23 93. These Defendants caused the Registration Statement to be filed with the
24 SEC and to be declared effective, resulting in the issuance and sale of approximately
25 176 million shares, which shares were purchased by Plaintiff and the Class.

26 94. None of the Defendants made a reasonable investigation or possessed
27 reasonable grounds for the belief that the statements contained in the Registration
28

1 Statement were true and did not omit any material facts required to be stated therein
2 or facts that were necessary to make the statements made therein not false or
3 misleading.

4 95. By reason of the conduct herein alleged, each of these Defendants
5 violated Section 11 of the Securities Act.

6 **COUNT IV**

7 **Violation of Section 15 of the Securities Act**

8 **Against the Individual Defendants**

9 96. Plaintiff incorporates by reference the allegations in the preceding
10 paragraphs, with the exception that this claim is premised on the remedies available
11 under Section 15 of the Securities Act, 15 U.S.C. § 77o, and expressly excludes and
12 disclaims any allegation that Defendants acted with fraudulent intent or recklessness.

13 97. Each of the Individual Defendants was a control person of Rivian by
14 virtue of their position as a director or senior officer with the Company.

15 98. By reason of the conduct herein alleged, each Individual Defendant
16 violated Section 15 of the Securities Act.

17 **WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

- 18 a. Determining that this action is a proper class action under Rule 23
19 of the Federal Rules of Civil Procedure;
- 20 b. Awarding compensatory damages and equitable relief in favor of
21 Plaintiff and other members of the Class against all Defendants,
22 jointly and severally, for all damages sustained as a result of
23 Defendants' wrongdoing, in an amount to be proven at trial,
24 including interest thereon;
- 25 c. Awarding Plaintiff and the Class their reasonable costs and
26 expenses incurred in this action, including counsel fees and expert
27 fees; and
28

1 d. Such other and further relief as the Court may deem just and
2 proper.

3 **X. JURY TRIAL DEMANDED**

4 Plaintiff hereby demands a trial by jury.

5 Dated: March 22, 2022

Respectfully submitted,

6 **LARSON LLP**

7 /s/ Stephen G. Larson

8 Stephen G. Larson

9 Paul A. Rigali

Steven E. Bledsoe

10 Attorneys for Plaintiff Albert Nicholas
Horvath