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

RETAIL WHOLESALE DEPARTMENT  
STORE UNION LOCAL 338 RETIREMENT  
FUND, RETAIL WHOLESALE  
DEPARTMENT STORE UNION LOCAL 338  
HEALTH & WELFARE FUND, RETAIL  
WHOLESALE DEPARTMENT STORE  
UNION LOCAL 338 GENERAL FUND, and  
RETAIL WHOLESALE DEPARTMENT  
STORE UNION LOCAL 338 BENEFITS  
TRUST FUND, on behalf of themselves and all  
others similarly situated,

Plaintiffs,

v.

STITCH FIX, INC., KATRINA LAKE,  
ELIZABETH SPAULDING, STEVEN  
ANDERSON II, BASELINE VENTURES  
LLC, BASELINE VENTURES 2009 LLC,  
BASELINE INCREASED EXPOSURE  
FUND, LLC, BASELINE CABLE CAR, LLC,  
and BASELINE ENCORE, L.P.,

Defendants.

Case No. 3:22-cv-4893

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

CLASS ACTION

DEMAND FOR JURY TRIAL

1 Plaintiffs Retail Wholesale Department Store Union (“RWDSU”) Local 338 Retirement  
2 Fund, RWDSU Local 338 Health & Welfare Fund, RWDSU Local 338 General Fund, and  
3 RWDSU Local 338 Benefits Trust Fund (collectively, “Plaintiffs”), by and through their counsel,  
4 allege the following upon information and belief, except as to those allegations concerning  
5 Plaintiffs, which are alleged upon personal knowledge. Plaintiffs’ information and belief is based  
6 upon, *inter alia*, counsel’s investigation, which included review and analysis of: (a) regulatory  
7 filings made by Stitch Fix, Inc. (“Stitch Fix” or the “Company”) with the United States Securities  
8 and Exchange Commission (“SEC”); (b) press releases, presentations, and media reports issued by  
9 and disseminated by the Company; (c) analyst and media reports concerning Stitch Fix; and (d)  
10 other public information regarding the Company.

## 11 **I. INTRODUCTION**

12 1. This securities class action is brought on behalf of purchasers of Stitch Fix Class A  
13 common stock between December 8, 2020, and March 8, 2022, inclusive (the “Class Period”).  
14 The claims asserted herein are alleged against Stitch Fix, certain of the Company’s current and  
15 former senior executives, and certain of the Company’s controlling shareholders (collectively,  
16 “Defendants”), and arise under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934  
17 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

18 2. Stitch Fix sells a range of apparel, shoes, and accessories through its website and  
19 mobile application. Traditionally, Stitch Fix sold products as a “Fix” box, through which the  
20 customer would receive a monthly box of items chosen by a personal stylist. The customer would  
21 not know specifically which items they were receiving but would have the option to return  
22 whichever items it did not want.

23 3. On December 8, 2020, Stitch Fix launched the “Freestyle” program—a new, direct  
24 buy program where customers could choose from the outset which items to purchase. In  
25 connection with that announcement, Stitch Fix touted the Freestyle program as a way to “expand  
26 our addressable market, deepen client engagement and grow wallet share over time.” The  
27 Company also stated that Freestyle would “serve as another catalyst as we attract new clients,  
28 convert prospective clients and reactivate lapsed clients.” Throughout the Class Period, Stitch Fix

1 touted that the two programs were synergistic, and repeatedly denied claims that the Freestyle  
2 program could cannibalize its legacy Fix business.

3 4. On December 7, 2021, however, Stitch Fix admitted for the first time that the  
4 Company had downplayed the magnitude of its transition from the subscription-based Fix model  
5 to the retail-based Freestyle model. Stitch Fix further admitted that the Company saw some “short  
6 term cannibalization” from new customers who chose to use the new direct-buy Freestyle option  
7 rather than the traditional Fix option. In addition, Stitch Fix announced a loss for its first quarter  
8 of 2021 and cut its full-year revenue projections.<sup>1</sup> As a result of these disclosures, the price of  
9 Stitch Fix stock declined by \$5.97 per share, or 24%, from \$24.97 per share to \$19.00 per share.

10 5. However, Stitch Fix continued to assure investors that this was a short-term  
11 problem, claiming that the Company had “been testing client onboarding flows” and that “we see  
12 significant new client potential ahead as Freestyle enables us to access a greater share of shopping  
13 occasions.”

14 6. Then, on March 8, 2022, Stitch Fix offered a weak outlook for its third quarter of  
15 2022 and cut its revenue guidance for the full year. In addition, Stitch Fix announced a self-  
16 inflicted friction between the Freestyle program and the Fix program. Specifically, Stitch Fix  
17 explained that when customers visited stitchfix.com—the primary landing page for customers  
18 interested in the Fix—the Company directed them to the Freestyle experience first, and “therefore,  
19 in leading clients to the Freestyle experience first, [it] inadvertently created friction” for potential  
20 customers interesting in ordering Fix. As a result of this disclosure, the price of Stitch Fix stock  
21 declined by \$0.67 per share, or 6%, from \$11.01 per share to \$10.34 per share.

## 22 **II. JURISDICTION AND VENUE**

23 7. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange  
24 Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R.  
25 § 240.10b-5. This Court has jurisdiction over the subject matter of this action pursuant to 28  
26 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

27  
28 <sup>1</sup> Stitch Fix’s fiscal year ends on the Saturday closest to July 31.

1           8.       Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28  
2 U.S.C. § 1391(b). Stitch Fix maintains its corporate headquarters in San Francisco, California,  
3 which is situated in this District, conducts substantial business in this District, and many of the  
4 acts and conduct that constitute the violations of law complained of herein, including the  
5 preparation and dissemination to the public of materially false and misleading information,  
6 occurred in this District. In connection with the acts alleged in this Complaint, Defendants, directly  
7 or indirectly, used the means and instrumentalities of interstate commerce, including, but not  
8 limited to, the mails, interstate telephone communications, and the facilities of the national  
9 securities markets.

### 10 **III. PARTIES**

11           9.       Plaintiffs RWDSU Local 338 Retirement Fund, RWDSU Local 338 Health &  
12 Welfare Fund, RWDSU Local 338 General Fund, and RWDSU Local 338 Benefits Trust Fund are  
13 multi-employer pension and benefits funds that provide retirement benefits to retirees in a variety  
14 of industries, including retail supermarkets, pharmacies, healthcare facilities, maintenance  
15 facilities, and school monitors and bus drivers. As reflected in the certification submitted herewith,  
16 Plaintiffs purchased shares of Stitch Fix Class A common stock during the Class Period and  
17 suffered damages as a result of the violations of the federal securities laws alleged herein.

18           10.      Defendant Stitch Fix sells a range of apparel, shoes, and accessories through its  
19 website and mobile application. The Company maintains its corporate headquarters at 1  
20 Montgomery Street, Suite 1500, San Francisco, California. Stitch Fix stock trades on the  
21 NASDAQ, which is an efficient market, under ticker symbol “SFIX.” As of June 9, 2022, there  
22 were over 82.7 million shares of Stitch Fix Class A common stock outstanding, owned by at least  
23 hundreds or thousands of investors.

24           11.      Defendant Katrina Lake (“Lake”) is the founder of Stitch Fix and has served as the  
25 Executive Chairperson of the Company’s Board of Directors since August 1, 2021. Defendant  
26 Lake previously served as the Company’s Chief Executive Officer (“CEO”) from its founding in  
27 2017 until August 1, 2021.

1           12. Defendant Elizabeth Spaulding (“Spaulding”) is the current President and CEO of  
2 Stitch Fix and is a member of the Company’s Board of the Directors. She has served as Stitch  
3 Fix’s President since January 2020, and CEO since August 1, 2021.

4           13. Defendants Lake and Spaulding are collectively referred to hereinafter as the  
5 “Officer Defendants.” The Officer Defendants, because of their positions with Stitch Fix,  
6 possessed the power and authority to control the contents of Stitch Fix’s reports to the SEC, press  
7 releases, and presentations to securities analysts, money and portfolio managers, and institutional  
8 investors. Each of the Officer Defendants was provided with copies of the Company’s reports and  
9 press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the  
10 ability and opportunity to prevent their issuance or cause them to be corrected. Because of their  
11 positions and access to material non-public information available to them, each of the Officer  
12 Defendants knew that the adverse facts specified herein had not been disclosed to, and were being  
13 concealed from, the public, and that the positive representations which were being made were then  
14 materially false and/or misleading.

15           14. Defendant Steven Anderson II (“Anderson”) is a member of the Board of Directors  
16 of Stitch Fix and is a founding investor of Stitch Fix. Defendant Anderson personally controls  
17 over 15% of Stitch Fix’s voting interests through his direct ownership of 5,312,455 shares of Stitch  
18 Fix Class B common stock.

19           15. Defendant Baseline Ventures LLC is a venture capital investment firm founded and  
20 controlled by Defendant Anderson. Baseline Ventures LLC and its affiliated funds—including the  
21 following entities: Baseline Ventures 2009 LLC, Baseline Increased Exposure Fund, LLC,  
22 Baseline Cable Car, LLC, Baseline Encore, L.P.—(collectively, “Baseline Ventures”) control over  
23 19% of Stitch Fix’s voting interests through ownership of 6,563,089 shares of Stitch Fix Class B  
24 common stock. As the sole managing member of Baseline Ventures, Defendant Anderson has the  
25 sole power to vote these shares.

26           16. Defendants Anderson and Baseline Ventures are collectively referred to hereinafter  
27 as the “Controlling Shareholders.” Given their substantial holdings of Stitch Fix’s Class B  
28 common stock, which account for approximately 34.89% of Stitch Fix’s voting interests, as well

1 as Anderson’s position on the Company’s Board of Directors, the Controlling Shareholders had  
2 the power to control, and did control, Stitch Fix throughout the Class Period.

3 **IV. BACKGROUND**

4 17. Based in San Francisco, California, Stitch Fix sells apparel, shoes, and accessories  
5 through its website and mobile application.

6 18. Traditionally, Stitch Fix customers were sent a monthly “Fix” box. Inside this box  
7 would be five pieces curated by personalized shoppers. While customers would fill out a “style  
8 quiz” and could request styles of outfits, the customer did not know what pieces would be in the  
9 box until it arrived. The customer could then choose which, if any, items to buy, and could return  
10 the rest. The customer paid a \$20 “styling fee” per Fix, and that fee would be applied to any of  
11 the items the customer chose to buy.

12 19. Prior to the Class Period, in 2019, Stitch Fix announced a new direct-buy retail  
13 component, eventually named “Freestyle.” The Freestyle program allowed customers to shop the  
14 site for specific products, giving the customer more control over what items they received, but also  
15 removing the curation element that differentiated Stitch Fix from other e-retailers.

16 20. The Freestyle program was first made available to a subset of existing Stitch Fix  
17 customers in 2020, and incrementally rolled out to all existing customers in early 2021. In  
18 September 2021, the Freestyle program was formally launched to new customers.

19 **V. STITCH FIX DEFRAUDS INVESTORS**

20 21. The Class Period begins on December 8, 2020, the first day of trading after Stitch  
21 Fix issued a press release announcing the Company’s financial results for its first quarter of 2021  
22 and announced the launch of its Freestyle program. In the press release, which was published after  
23 the market closed on December 7, 2020, and also filed with the SEC on Form 8-K, the Company  
24 described the Freestyle program as a way to “expand [its] addressable market, deepen client  
25 engagement and grow wallet share over time.” Stitch Fix also claimed that Freestyle would “serve  
26 as another catalyst as we attract new clients, convert prospective clients and reactivate lapsed  
27 clients.”  
28

1           22.     Later on December 7, Stitch Fix held a conference call with analysts and investors  
2 to discuss the Company’s earnings and operations for its first quarter of 2021. During that call,  
3 Defendant Lake again stated that the Freestyle program “will serve as another catalyst as we attract  
4 new clients, convert prospective clients and reactivate lapsed clients.” In addition, Defendant Lake  
5 highlighted the internal testing Stitch Fix was undertaking in order to determine “the best way to  
6 introduce [Freestyle]” to customers. Moreover, Defendant Spaulding reiterated that the Company  
7 had “embarked on our next form factor, [Freestyle], which we expect will expand our addressable  
8 market, deepen client engagement and grow wallet share over time.”

9           23.     On the same conference call, Defendant Lake also discussed Stitch Fix’s internal  
10 testing of the Freestyle program. Specifically, Defendant Lake explained “we’ve been doing some  
11 testing around what is the best way to introduce [Freestyle] and like what is the best way for us to  
12 actually figure out like this is somebody who should be on a conversion path to Fixes versus this  
13 is somebody that we actually should have into a [Freestyle] first,” and that the Company was  
14 “testing to make sure” it did so correctly.

15           24.     In response to an analyst question regarding the combination of Freestyle and Fix,  
16 Defendant Lake stated that “the two experiences are really additive” and that “what we’re finding  
17 is that these are actually, I think there is a broader hypothesis that like [Freestyle] and Fixes will  
18 allow us – the kind of combination of those two things will allow us to address many more types  
19 of clients.”

20           25.     On February 10, 2021, Defendant Lake represented Stitch Fix at the Goldman  
21 Sachs Technology & Internet Virtual Conference. At the conference, Defendant Lake was asked  
22 “what is the vision for [Freestyle] and how has the offering evolved over the last year or so since  
23 you started rolling it out?” In response, Defendant Lake explained that Freestyle was “one of the  
24 most exciting things . . . it’s one of those initiatives that is both really powerful and we can see in  
25 the data that it’s working. And at the same time there’s still so much opportunity.” In addition,  
26 Defendant Lake again discussed the Company’s internal testing, stating “we’ve experimented with  
27 different formats” and “we’ve started experimenting with kind of different form factors of what  
28 that experience could look like.”

1           26.     At the same conference, Defendant Lake was asked “one thing we hear a lot . . . is  
2 this perception that [Freestyle] means you end up looking like just a big shopping mall that sells  
3 everything within apparel.” In response, Defendant Lake highlighted Freestyle’s personalization,  
4 stating “when you look at our return rates like we know it works. Like we are showing you things  
5 that are only relevant for you. They’re not relevant for others. They’re relevant for you. And that  
6 drives conversion. It drives product acceptance. It drives people loving it.”

7           27.     On March 8, 2021, Stitch Fix held a conference call with analysts and investors to  
8 discuss the Company’s earnings and operations for its second quarter of 2021. During that call,  
9 Defendant Lake stated that Freestyle was “resonating with our existing clients and we’re preparing  
10 to roll it out to first-time clients at the end of fiscal” fourth quarter.

11           28.     On the same conference call, an analyst asked Defendant Spaulding “can you just  
12 talk about how you expect” the Freestyle roll out to first-time clients “potentially cannibalizing the  
13 existing Fix business?” In response, Defendant Spaulding responded that the Company was  
14 “seeing that is actually an additive experience” and agreed that “[Freestyle] is additive to the Fix  
15 business for our Fix customers, so we like what we’re seeing there from an incrementality  
16 standpoint.”

17           29.     On June 7, 2021, Stitch Fix held a conference call with analysts and investors to  
18 discuss the Company’s earnings and operations for its third quarter of 2021. During that call,  
19 Defendant Lake stated that Stitch Fix was “embarking on our next growth horizon through our  
20 introduction of [Freestyle], which expands our ecosystem of experiences and opens up a total  
21 addressable market that we estimate to be multiple times larger than Fixes alone.” In addition,  
22 Defendant Lake reiterated that “the success in incrementality that [Freestyle] has demonstrated to  
23 date gives us high conviction that our personalized shopping experience will significantly broaden  
24 the appeal and reach of Stitch Fix.”

25           30.     On September 21, 2021, Stitch Fix held a conference call with analysts and  
26 investors to discuss the Company’s earnings and operations for its fourth quarter of 2021. On that  
27 conference call, an analyst stated that “in the past you’ve talked about low cannibalization, but I’m  
28 curious to get the updated thoughts.” Defendant Spaulding responded as to the “specific



1 cannibalization question, maybe two thoughts to offer. One is just we think that revenue per active  
2 client that we shared and the knowledge that we have of like the new cohorts of clients is the real  
3 strength and incrementality of these two offerings really being quite complementary.” Defendant  
4 Spaulding went on to say, “I think we see solid growth in both sides of the business in the coming  
5 year.”

6 31. The statements and omissions set forth above in ¶¶21-30 were materially false and  
7 misleading. In truth, throughout the Class Period, Stitch Fix concealed the fact that these programs  
8 were not complementary or additive. Stitch Fix knew that the Freestyle program would be much  
9 preferred to the Company’s original Fix model, and that the Freestyle program would inevitably  
10 cannibalize the Company’s legacy Fix business.

11 **VI. DISCLOSURES OF THE COMPANY’S MISCONDUCT**  
12 **CAUSE SIGNIFICANT INVESTOR LOSSES**

13 32. On December 7, 2021, after the market closed, Stitch Fix announced a loss for its  
14 first quarter of 2022 and cut its full-year revenue projections. That same day, during a conference  
15 call with analysts and investors to discuss the Company’s earnings and operations for its first  
16 quarter, Stitch Fix admitted for the first time that, as a result of the “expansion into Freestyle” the  
17 Company “may experience short-term impacts of cannibalization.” Specifically, Defendant  
18 Spaulding stated that “the short-term cannibalization that I was referring to is more as we think  
19 about onboarding new customers to our experience.”

20 33. As a result of this disclosure, the price of Stitch Fix stock declined by \$5.97 per  
21 share, or 24%, from a closing price of \$24.97 per share on December 7, 2021, to a closing price of  
22 \$19.00 per share on December 8, 2021.

23 34. However, Stitch Fix continued to assure investors that this was a short-term  
24 problem. For example, on the December 7, 2021, conference call, Defendant Spaulding explained  
25 that Stitch Fix had “been testing client onboarding flows” and that “we see significant new client  
26 potential ahead as Freestyle enables us to access a greater share of shopping occasions.” In  
27 addition, Defendant Spaulding stated, “one key area of investment is reducing friction for new  
28 clients to access freestyle through testing new onboarding approaches.”

1           35.     The statements and omissions set forth above in ¶34 were materially false and  
2 misleading. In truth, Stitch Fix continued to conceal the fact that these programs were not  
3 complementary or additive. Stitch Fix knew that the Freestyle program would be much preferred  
4 to the Company’s original Fix model, and that the Freestyle program would inevitably cannibalize  
5 the Company’s legacy Fix business.

6           36.     On March 8, 2022, after the market closed, Stitch Fix reported earnings for its  
7 second quarter of 2022, and offered a weak outlook for its third quarter of 2022 and cut its guidance  
8 for the full year. Later that day, during a conference call with analysts and investors to discuss the  
9 Company’s earnings and operations for its second quarter, Defendant Spaulding attributed the  
10 guidance cut to problems with Freestyle. Specifically, Defendant Spaulding admitted that “in our  
11 efforts to launch and promote Freestyle, we chose to direct visitors coming to stitchfix.com  
12 towards the Freestyle experience. It is important to note that stitchfix.com is the primary landing  
13 page for customers interested in ordering a Fix. Therefore, in leading clients to the Freestyle  
14 experience first, we inadvertently created friction for those seeking a Fix.” Stitch Fix also admitted  
15 that the Company “created friction when [it] introduced Freestyle to the landing page, given the  
16 intent of the majority of those clients coming to our site was for a Fix.”

17           37.     As a result of this disclosure, the price of Stitch Fix stock declined by \$0.67 per  
18 share, or 6%, from a closing price of \$11.01 per share on March 8, 2022, to a closing price of  
19 \$10.34 per share on March 9, 2022.

## 20 **VII. LOSS CAUSATION**

21           38.     During the Class Period, as detailed herein, Defendants made materially false and  
22 misleading statements and omissions, and engaged in a scheme to deceive the market. This  
23 artificially inflated the price of Stitch Fix stock and operated as a fraud or deceit on the Class (as  
24 defined below). Later, when Defendants’ prior misrepresentations and fraudulent conduct were  
25 disclosed to the market on December 7, 2021, and March 8, 2022, the price of Stitch Fix stock fell.  
26 As a result of their purchases of Stitch Fix Class A common stock during the Class Period,  
27 Plaintiffs and other members of the Class suffered losses, *i.e.*, damages, under the federal securities  
28 laws.

1 **VIII. CLASS ACTION ALLEGATIONS**

2 39. Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules  
3 of Civil Procedure on behalf of all persons who purchased Stitch Fix Class A common stock during  
4 the Class Period (the “Class”). Excluded from the Class are Defendants and their families,  
5 directors, and officers of Stitch Fix and their families and affiliates.

6 40. The members of the Class are so numerous that joinder of all members is  
7 impracticable. The disposition of their claims in a class action will provide substantial benefits to  
8 the parties and the Court. Stitch Fix has approximately 82.7 million shares of Class A common  
9 stock outstanding, owned by at least hundreds or thousands of investors.

10 41. Questions of law and fact common to the members of the Class which predominate  
11 over questions which may affect individual Class members include:

- 12 (a) Whether Defendants violated the Exchange Act;
- 13 (b) Whether Defendants omitted and/or misrepresented material facts;
- 14 (c) Whether Defendants’ statements omitted material facts necessary in order  
15 to make the statements made, in light of the circumstances under which they were made, not  
16 misleading;
- 17 (d) Whether Defendants knew or recklessly disregarded that their statements  
18 and/or omissions were false and misleading;
- 19 (e) Whether Defendants’ misconduct impacted the price of Stitch Fix Class A  
20 common stock;
- 21 (f) Whether Defendants’ conduct caused the members of the Class to sustain  
22 harm; and
- 23 (g) The extent of harm sustained by Class members and the appropriate  
24 measure of harm.

25 42. Plaintiffs’ claims are typical of those of the Class because Plaintiffs and the Class  
26 sustained harm from Defendants’ wrongful conduct.

1 43. Plaintiffs will adequately protect the interests of the Class and have retained counsel  
2 experienced in class action securities litigation. Plaintiffs have no interests which conflict with  
3 those of the Class.

4 44. A class action is superior to other available methods for the fair and efficient  
5 adjudication of this controversy.

6 **IX. INAPPLICABILITY OF STATUTORY SAFE HARBOR**

7 45. Stitch Fix’s “Safe Harbor” warnings accompanying its forward-looking statements  
8 issued during the Class Period were ineffective to shield those statements from liability.

9 46. Defendants are also liable for any false or misleading forward-looking statements  
10 pleaded herein because, at the time each such statement was made, the speaker knew the statement  
11 was false or misleading and the statement was authorized and/or approved by an executive officer  
12 of Stitch Fix who knew that the statement was false. None of the historic or present tense  
13 statements made by Defendants were assumptions underlying or relating to any plan, projection,  
14 or statement of future economic performance, as they were not stated to be such assumptions  
15 underlying or relating to any projection or statement of future economic performance when made,  
16 nor were any of the projections or forecasts made by Defendants expressly related to, or stated to  
17 be dependent on, those historic or present tense statements when made.

18 **X. PRESUMPTION OF RELIANCE**

19 47. At all relevant times, the market for Stitch Fix stock was an efficient market for the  
20 following reasons, among others:

21 (a) Stitch Fix stock met the requirements for listing, and was listed and actively  
22 traded on NASDAQ, a highly efficient and automated market;

23 (b) As a regulated issuer, Stitch Fix filed periodic public reports with the SEC  
24 and NASDAQ;

25 (c) Stitch Fix regularly and publicly communicated with investors via  
26 established market communication mechanisms, including through regular disseminations of press  
27 releases on the national circuits of major newswire services and through other wide-ranging public  
28 disclosures, such as communications with the financial press and other similar reporting services;

1 and

2 (d) Stitch Fix was followed by several securities analysts employed by major  
3 brokerage firm(s) who wrote reports which were distributed to the sales force and certain  
4 customers of their respective brokerage firm(s). Each of these reports was publicly available and  
5 entered the public marketplace.

6 48. As a result of the foregoing, the market for Stitch Fix Class A common stock  
7 promptly digested current information regarding Stitch Fix from all publicly available sources and  
8 reflected such information in the price of Stitch Fix Class A common stock. Under these  
9 circumstances, all purchasers of Stitch Fix Class A common stock during the Class Period suffered  
10 similar injury through their purchase of Stitch Fix Class A common stock at artificially inflated  
11 prices and the presumption of reliance applies.

12 49. A Class-wide presumption of reliance is also appropriate in this action under the  
13 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),  
14 because the Class' claims are grounded on Defendants' material omissions. Because this action  
15 involves Defendants' failure to disclose the disruption the Freestyle program would have on the  
16 Company's existing business—information that Defendants were obligated to disclose—positive  
17 proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld  
18 be material in the sense that a reasonable investor might have considered them important in making  
19 investment decisions. Given the importance of the Fix business to Stitch Fix, as set forth above,  
20 that requirement is satisfied here.

21 **COUNT I**

22 **For Violations of Section 10(b) of the Exchange Act and Rule 10b-5**  
23 **Against Stitch Fix and the Officer Defendants**

24 50. Plaintiffs repeat, incorporate, and reallege each and every allegation set forth above  
25 as if fully set forth herein.

26 51. During the Class Period, Stitch Fix and the Officer Defendants carried out a plan,  
27 scheme, and course of conduct which was intended to and, throughout the Class Period, did: (a)  
28

1 deceive the investing public, including Plaintiffs and other Class members, as alleged herein; and  
2 (b) cause economic harm to Plaintiffs and other members of the Class.

3 52. Stitch Fix and the Officer Defendants: (a) employed devices, schemes, and artifices  
4 to defraud; (b) made untrue statements of material fact and/or omitted to state material facts  
5 necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course  
6 of business which operated as a fraud and deceit upon the purchasers of the Company's Class A  
7 common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated  
8 thereunder.

9 53. Stitch Fix and the Officer Defendants, individually and in concert, directly and  
10 indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails,  
11 engaged and participated in a continuous course of conduct to conceal adverse material  
12 information about the Company's financial well-being, operations, and prospects.

13 54. During the Class Period, Stitch Fix and the Officer Defendants made the false  
14 statements specified above, which they knew or recklessly disregarded to be false or misleading  
15 in that they contained misrepresentations and failed to disclose material facts necessary in order to  
16 make the statements made, in light of the circumstances under which they were made, not  
17 misleading.

18 55. Stitch Fix and the Officer Defendants had actual knowledge of the  
19 misrepresentations and omissions of material facts set forth herein, or recklessly disregarded the  
20 true facts that were available to them. Stitch Fix and the Officer Defendants engaged in this  
21 misconduct to conceal Stitch Fix's true condition from the investing public and to support the  
22 artificially inflated prices of the Company's Class A common stock.

23 56. Plaintiffs and the Class have suffered damages in that, in reliance on the integrity  
24 of the market, they purchased Stitch Fix Class A common stock and were harmed when the truth  
25 about Stitch Fix negatively impacted the price of those securities. Plaintiffs and the Class would  
26 not have purchased Stitch Fix Class A common stock at the prices they paid, or at all, had they  
27 been aware of the truth about Stitch Fix.  
28

1 57. As a direct and proximate result of Stitch Fix’s and the Officer Defendants’  
2 wrongful conduct, Plaintiffs and the other members of the Class suffered harm in connection with  
3 their respective purchases of the Company’s Class A common stock during the Class Period.

4 58. By virtue of the foregoing, Stitch Fix and the Officer Defendants violated Section  
5 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

6 **COUNT II**

7 **For Violations of Section 20(a) of the Exchange Act**  
8 **Against the Officer Defendants and the Controlling Shareholders**

9 59. Plaintiffs repeat, incorporate, and reallege each and every allegation set forth above  
10 as if fully set forth herein.

11 60. The Officer Defendants acted as controlling persons of Stitch Fix within the  
12 meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions,  
13 participation in and/or awareness of the Company’s operations, direct involvement in the day-to-  
14 day operations of the Company, and/or intimate knowledge of the Company’s actual performance,  
15 and their power to control public statements about Stitch Fix, the Officer Defendants had the power  
16 and ability to control the actions of Stitch Fix and its employees. By reason of such conduct, the  
17 Officer Defendants are liable pursuant to Section 20(a) of the Exchange Act.

18 61. The Controlling Shareholders acted as controlling persons of Stitch Fix within the  
19 meaning of Section 20(a) of the Exchange Act. By reason of their voting power, ownership, rights  
20 as against Stitch Fix, and/or specific acts, the Controlling Shareholders had the power to control  
21 Stitch Fix’s operations and its decision-making processes. By reason of such control, the  
22 Controlling Shareholders are liable under Section 20(a) of the Exchange Act.

23 **XI. PRAYER FOR RELIEF**

24 WHEREFORE, Plaintiffs pray for judgment as follows:

25 A. Determining that this action is a proper class action under Rule 23 of the Federal  
26 Rules of Civil Procedure;

27 B. Awarding compensation to Plaintiffs and other Class members against all  
28 Defendants, jointly and severally, for all harm sustained as a result of Defendants’

1            wrongdoing, in an amount to be proven at trial, including interest thereon;

2            C.      Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in  
3            this action, including attorneys' fees and expert fees; and

4            D.      Awarding such equitable/injunctive or other further relief as the Court may deem  
5            just and proper.

6    **XII.    JURY DEMAND**

7            Plaintiffs demand a trial by jury.

8    Dated: August 26, 2022