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

AUSTIN DICKER, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

TUSIMPLE HOLDINGS, INC.;
CHENG LU; PATRICK DILLON;
XIAODI HOU; MO CHEN; JAMES
MULLEN; MORGAN STANLEY &
CO. LLC; CITIGROUP GLOBAL
MARKETS INC.; J.P. MORGAN
SECURITIES LLC; BOFA
SECURITIES, INC.; CREDIT SUISSE
SECURITIES (USA) LLC; COWEN
AND COMPANY, LLC; NOMURA
SECURITIES INTERNATIONAL,
INC.; RBC CAPITAL MARKETS,
LLC; NEEDHAM & COMPANY, LLC;
OPPENHEIMER & CO. INC.; PIPER
SANDLER & CO.; ROBERT W.
BAIRD & CO. INCORPORATED; and
VALUABLE CAPTIAL LIMITED,

Defendants.

Case No. '22CV1300 LL MSB

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff Austin Dicker (“Plaintiff”), individually and on behalf of all others
2 similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint
3 against Defendants, alleges the following based upon personal knowledge as to
4 Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters,
5 based upon, *inter alia*, the investigation conducted by and through Plaintiff’s
6 attorneys, which included, among other things, a review of the Defendants’ public
7 documents, conference calls and announcements made by Defendants, U.S.
8 Securities and Exchange Commission (“SEC”) filings, wire and press releases
9 published by and regarding TuSimple Holdings, Inc. (“TuSimple” or the
10 “Company”), analysts’ reports and advisories about the Company, and information
11 readily obtainable on the Internet. Plaintiff believes that substantial additional
12 evidentiary support will exist for the allegations set forth herein after a reasonable
13 opportunity for discovery.

14 **NATURE OF THE ACTION**

15 1. This is a federal securities class action on behalf of all persons who: (a)
16 purchased or otherwise acquired TuSimple common stock pursuant and/or traceable
17 to the Registration Statement and Prospectus (collectively, the “Registration
18 Statement”) issued in connection with TuSimple’s April 15, 2021 initial public
19 offering (“IPO”) (the “IPO Class”); and/or (b) that purchased or otherwise acquired
20 TuSimple securities between April 15, 2021 and August 1, 2022, both dates inclusive
21 (the “Class Period”) (the “10b-5 Class”) (collectively, the “Classes”). Plaintiff brings
22 strict liability, non-fraud claims under the Securities Act of 1933 (the “Securities
23 Act”) against all Defendants and fraud-based claims under the Securities Exchange
24 Act of 1934 (the “Exchange Act”) against TuSimple and certain senior executives, as
25 detailed herein.

26 2. TuSimple, headquartered in San Diego, develops autonomous
27 technology specifically designed for semi-trucks in the United States and
28 internationally. It is developing a line of purpose-built Level 4 (“L4”) autonomous

1 semi-trucks for the North American market. The Company operates its Autonomous
2 Freight Network (“AFN”) L4 autonomous semi-trucks equipped with its autonomous
3 driving technology. According to TuSimple, AFN is an ecosystem that consists of L4
4 autonomous semi-trucks, high-definition digital mapped routes, terminals, and
5 TuSimple Connect, a cloud-based autonomous operations oversight system. Founded
6 in 2015, the Company conducted its initial public offering in April 2021, and its
7 securities trade on the Nasdaq Stock Market under the symbol “TSP.”

8 3. On April 15, 2021, TuSimple effected its IPO, selling 33.8 million
9 class A common shares at \$40.00 per share, generating \$1.031 billion in gross
10 proceeds. The Registration Statement contained materially false and misleading
11 statements of fact and failed to disclose facts required to be disclosed therein
12 regarding TuSimple’s business, operations, and prospects.

13 4. On August 1, 2022, the *Wall Street Journal* published an article titled
14 “Self-Driving Truck Accident Draws Attention to Safety at TuSimple,” which
15 brought to light a number of previously undisclosed concerns that undermined
16 Defendants’ representations and omissions concerning the Company’s safety. The
17 article referenced an April 6, 2022, accident involving a truck fitted with TuSimple’s
18 autonomous driving technology. Among many other things, the article reported that:

19 [t]he accident, which regulators disclosed to the public in June after
20 TuSimple filed a report on the incident, underscores concerns that the
21 autonomous-trucking company is *risking safety* on public roads *in a*
22 *rush to deliver driverless trucks* to market, *according to independent*
*analysts and more than a dozen of the company’s former employees.*¹

23 5. On this news, TuSimple’s shares fell \$0.97 per share, or nearly 10%,
24 from a closing price of \$9.96 per share on July 29, 2022, to a closing price of \$8.99
25 per share on August 1, 2022.

26
27
28 ¹ Unless otherwise indicated, all emphasis herein is added and does not appear in the original text.

1 § 1391(b), Section 22 of the Securities Act (15 U.S.C. § 77v(a)), and Section 27 of
2 the Exchange Act (15 U.S.C. § 78aa(c)). TuSimple maintains its corporate
3 headquarters in this Judicial District.

4 12. In connection with the acts alleged in this Complaint, Defendants,
5 directly or indirectly, used the means and instrumentalities of interstate commerce,
6 including, but not limited to, the mails, interstate telephone communications, and the
7 facilities of the national securities markets.

8 **PARTIES**

9 13. Plaintiff, as set forth in the attached Certification, purchased or
10 otherwise acquired TuSimple securities during the Class Period, and suffered
11 damages as a result of the federal securities law violations and false and/or misleading
12 statements and/or material omissions alleged herein.

13 14. Defendant TuSimple is a Delaware corporation with principal executive
14 offices located at 9191 Towne Centre Drive, Suite 600, San Diego, California 92122.
15 The Company's common stock trades in an efficient market on the NASDAQ under
16 the trading symbol "TSP."

17 15. Defendant Cheng Lu ("Defendant Lu") was the Company's President
18 and Chief Executive Officer ("CEO") during the Class Period until his resignation on
19 March 3, 2022. Defendant Lu signed TuSimple's Forms 10-K and 10-Q filed with
20 the SEC during the Class Period.

21 16. Defendant Patrick Dillon ("Defendant Dillon") was at all relevant times
22 the Company's Chief Financial Officer ("CFO") throughout the Class Period until
23 his resignation on July 7, 2022. Defendant Dillon signed TuSimple's Forms 10-K and
24 10-Q filed with the SEC during the Class Period.

25 17. Defendant Xiaodi Hou ("Defendant Hou") was TuSimple's co-founder.
26 He served as Chief Technology Officer during the Class Period until March 3, 2022,
27 at which point he was appointed to serve as President, CEO, and Chairperson of the
28 Board. Defendant Hou signed TuSimple's Forms 10-Q during the Class Period.

1 18. Defendant Mo Chen (“Defendant Chen”) was TuSimple’s co-founder,
2 Executive Chairman, and director. Prior to the Class Period, Defendant Chen served
3 as CEO from 2015 to September 2020.

4 19. Defendant James Mullen (“Defendant Mullen”) was TuSimple’s Chief
5 Administrative and Legal Officer.

6 20. Defendants Lu, Dillon, Hou, Chen, and Mullen are referred to herein
7 collectively as the “Individual Defendants.”

8 21. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) served as an
9 underwriter for the Company’s IPO.

10 22. Defendant Citigroup Global Markets Inc. (“Citigroup”) served as an
11 underwriter for the Company’s IPO.

12 23. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) served as an
13 underwriter for the Company’s IPO.

14 24. Defendant BofA Securities, Inc. (“BofA”) served as an underwriter for
15 the Company’s IPO.

16 25. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) served
17 as an underwriter for the Company’s IPO.

18 26. Defendant Cowen and Company, LLC (“Cowen”) served as an
19 underwriter for the Company’s IPO.

20 27. Defendant Nomura Securities International, Inc. (“Nomura”) served as
21 an underwriter for the Company’s IPO.

22 28. Defendant RBC Capital Markets, LLC (“RBC”) served as an
23 underwriter for the Company’s IPO.

24 29. Defendant Needham & Company, LLC (“Needham”) served as an
25 underwriter for the Company’s IPO.

26 30. Defendant Oppenheimer & Co., Inc. (“Oppenheimer”) served as an
27 underwriter for the Company’s IPO.
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1 31. Defendant Piper Sandler & Co. (“Piper Sandler”) served as an
2 underwriter for the Company’s IPO.

3 32. Defendant Robert W. Baird & Co. Incorporated (“Baird”) served as an
4 underwriter for the Company’s IPO.

5 33. Defendant Valuable Capital Limited (“Valuable Capital”) served as an
6 underwriter for the Company’s IPO.

7 34. Defendants listed in paragraphs 21 – 33 are referred to herein as the
8 “Underwriter Defendants.”

9 35. The Individual Defendants possessed the power and authority to control
10 the contents of TuSimple’s SEC filings, press releases, and other market
11 communications. The Individual Defendants were provided with copies of
12 TuSimple’s SEC filings and press releases alleged herein to be misleading prior to or
13 shortly after their issuance and had the ability and opportunity to prevent their
14 issuance or to cause them to be corrected. Because of their positions with TuSimple,
15 and their access to material information available to them but not to the public, the
16 Individual Defendants knew that the adverse facts specified herein had not been
17 disclosed to and were being concealed from the public, and that the positive
18 representations being made were then materially false and misleading. The Individual
19 Defendants are liable for the false statements and omissions pleaded herein.

20 36. The Underwriter Defendants are liable for the materially false and
21 misleading statements in the Registration Statement. In connection with the IPO, the
22 Underwriter Defendants drafted and disseminated the Registration Statement and
23 were paid significant fees and discounts in connection therewith. The Underwriter
24 Defendants’ failure to conduct an adequate due diligence investigation was a
25 substantial factor leading to the harm complained of herein.

26 37. Pursuant to the Securities Act, the Underwriter Defendants are liable for
27 the false and misleading statements in the Registration Statement as follows:

28 a. The Underwriter Defendants are investment banking houses that

1 specialize, *inter alia*, in underwriting public offerings of securities. They
2 served as the underwriters of the IPO and received millions of dollars in fees
3 (collectively) for their service.

4 b. The Underwriter Defendants also demanded and obtained an
5 agreement from TuSimple and the Individual Defendants that TuSimple would
6 indemnify and hold the Underwriter Defendants harmless from any liability
7 under the federal securities laws.

8 c. Representatives of the Underwriter Defendants also assisted
9 TuSimple and the Individual Defendants in planning the IPO and were required
10 to conduct an adequate and reasonable due diligence investigation into the
11 business and operations of TuSimple. The due diligence investigation was
12 required of the Underwriter Defendants in order to participate in the IPO.
13 During the course of their purported due diligence, the Underwriter Defendants
14 had continual access to internal, confidential, then current corporate
15 information concerning TuSimple's most up-to-date operational and financial
16 results and prospects, including the representations in the Registration
17 Statement.

18 d. In addition to availing themselves of virtually unlimited access to
19 internal corporate documents, agents of the Underwriter Defendants met with
20 TuSimple's lawyers, management and top executives and engaged in drafting
21 sessions ahead of the IPO. During these sessions, understandings were reached
22 as to: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO,
23 including the price at which TuSimple's share would be sold; (iii) the language
24 to be used in the Registration Statement; (iv) what disclosures about TuSimple
25 would be made in the Registration Statement; and (v) what responses would
26 be made to the SEC, in connection with its review of the Registration
27 Statement. As a result of those constant contacts and communications between
28 the Underwriter Defendants' representatives and TuSimple's management and

1 top executives, the Underwriter Defendants knew of, or in the exercise of
2 reasonable care should have known of, TuSimple’s existing problems and the
3 misrepresentations and nondisclosures in the Registration Statement alleged
4 herein.

5 e. Finally, the Underwriter Defendants caused the Registration
6 Statement to be filed with the SEC and declared effective in connection with
7 the offers and sales of the TuSimple’s registered and sold to Plaintiff and the
8 other members of the IPO Class.

9 **SUBSTANTIVE ALLEGATIONS**

10 **Background**

11 38. TuSimple, a Delaware corporation with principal executive offices in
12 San Diego, California, describes itself as “a self-driving technology company with
13 the mission to improve the safety and efficiency of the trucking industry.” The
14 Company, founded in 2015, is principally engaged in the operation and development
15 of autonomous trucks and an autonomous freight network (“AFN”). According to the
16 Company, it has “developed industry-leading autonomous technology specifically
17 designed for semi-trucks.” This technology has purportedly enabled the Company to
18 build the world’s first AFN in partnership with world-class shippers, carriers,
19 railroads, freight brokers, fleet asset owners, and truck hardware partners.

20 39. With respect to its AFN, the Company represents that:

21 We currently operate on our [AFN] Level 4 (“L4”) autonomous semi-
22 trucks equipped with our autonomous driving technology. We also
23 partner with OEMs, such as Navistar and Traton, that are seeking to
24 manufacture purpose-built L4 autonomous semi-trucks capable of
25 incorporating our autonomous driving technology, and may in the
26 future partner with other OEMs. In addition to OEMs, we depend on
27 other third parties, such as ZF, Knorr-Bremse, and Nvidia, to produce
28 components for our L4 autonomous semi-trucks.

29 40. On December 23, 2020, TuSimple submitted to the SEC a draft
30 Registration Statement on Form S-1 relating to a proposed IPO of its common shares.

1 41. After receiving correspondence from the SEC, on February 16, 2021,
2 TuSimple filed a revised draft Registration Statement on Form DRS/A with the SEC,
3 following by another revision on March 8, 2021.

4 42. On March 23, 2021, the Company filed the operative Registration
5 Statement on Form S-1.

6 43. On April 7, 2021, the Company filed an Amendment No. 1 to the
7 Registration Statement.

8 44. On April 14, 2021, the Registration Statement was declared effective.

9 45. On April 16, 2021, the Company filed with the SEC its Prospectus on
10 Form 424B4 with the SEC, which incorporated and formed part of the Registration
11 Statement. Pursuant to the Registration Statement, Defendants offered and sold
12 33,783,783 Class A common shares at \$40 per share, raising total proceeds of
13 approximately \$1.031 billion.

14 46. TuSimple's common stock started trading on the NASDAQ under the
15 symbol "TSP."

16 47. The Registration Statement for TuSimple's IPO was negligently
17 prepared and, as a result, contained materially false and misleading statements of fact
18 and failed to disclose material facts required to be disclosed under the rules and
19 regulations applicable to its preparation.

20 **Materially False and Misleading Statements Issued During the Class Period**

21 48. The Class Period begins on April 15, 2021, the date of TuSimple's IPO.
22 In the IPO, the Company sold 33.8 million class A common shares pursuant to the
23 Registration Statement at \$40.00 per share, generating gross proceeds of \$1.031
24 billion.

25 49. In the offering documents issued in connection with the IPO, Defendants
26 made a number of representations regarding the performance and safety of
27 TuSimple's self-driving technology, all of which were designed to encourage
28 investment in the Company by raising expectations about the Company's prospects.

1 For instance, in the overview of the Company set forth in the Prospectus, Defendants
2 touted TuSimple’s purportedly “industry-leading” L4 autonomous technology, which
3 has resulted in more than 5,700 orders:

4 We are an autonomous technology company that is revolutionizing the
5 estimated \$4 trillion global truck freight market. We have developed
6 **industry-leading autonomous technology** specifically designed for
7 semi-trucks, which has enabled us to build the world’s first
8 Autonomous FreightNetwork (“AFN”) in partnership with world-class
9 shippers, carriers, railroads, freight brokers, fleet asset owners, and
10 truck hardware partners. We believe that our technology and our AFN
will make long haul trucking significantly **safer as well as more
reliable**, efficient and environmentally friendly, creating significant
benefits for all who rely on the freight ecosystem to deliver essential
goods.

11 Since our founding in 2015, we have developed a fully integrated
12 software and hardware solution enabling what we believe is the
13 world’s most advanced Level 4 (“L4”) driver-out autonomous semi-
14 truck technology. Hallmarks of our proprietary semi-truck specific
15 technology include our 1,000 meter perception range, 35 second
16 planning horizon, high definition (“HD”) maps with accuracy within
17 five centimeters, and an integrated L4 autonomous semi-truck design
18 comprising of a fully redundant sensor suite and components. Long-
19 range perception, advanced planning and decision-making, and highly
20 accurate mapping are critical capabilities for the autonomous
21 operation of semi-trucks, which are heavy, articulated vehicles that
22 need to be able to operate at highway speeds. **We believe that we are
the first and only company to demonstrate these capabilities and
achieve L4 autonomous semi-trucks driving on both highways and
surface streets as well as the first company to autonomously haul
apaid freight load. We further believe that our technological
differentiation and unique go-to-market strategy is a key driver of
the over 5,700 reservations which we received as of March 23, 2021
in four months of availability** for our purpose-built L4 autonomous
semi-trucks.

23 50. Along the same lines, Defendants represented in the Prospectus that:

24 We believe that our Autonomous Freight Network will address the
25 trucking industry’s most pressing challenges and **will revolutionize the
way freight moves**. Our AFN is designed to provide a comprehensive,
26 turnkey, autonomous freight solution that supplies users with access
27 to purpose-built L4 autonomous semi-trucks operating on HD digital
28 mapped routes connecting a nationwide network of terminals.

1 51. In the Prospectus, Defendants also touted its technology as a
2 transformative of the trucking industry in particular, stating:

3 We are developing a Level 4 autonomous technology solution
4 specifically designed for the unique demands of semi-trucks. L4
5 autonomy is characterized by the ability of the vehicle to perform all
6 driving functions under a given set of pre-specified conditions. *We*
7 *believe that our L4 autonomous capabilities are well suited for*
8 *“middle mile” truck freight—in which fixed, predictable, and*
9 *primarily highway routes make up the majority of total miles driven*
10 *on a shipping route—and focusing on this opportunity will optimize*
11 *our path to commercialization.* Autonomous trucking also presents
12 unique challenges, primarily due to the size of long haul semi-trucks
13 and the speed at which these semi-trucks typically operate. We believe
14 that being the first company to focus exclusively on semi-truck
15 autonomy positions us to lead the development of the solutions to these
16 challenges and capitalize on the autonomous truck freight opportunity.
17 Our leading autonomous technology enables semi-trucks to drive day
18 or night on both the highway and surface streets and in other poor
19 weather conditions. Semi-trucks with our leading autonomous
20 technology can travel at speeds of up to 75 miles per hour.

21 52. Similarly, Defendants characterized their network of partners as “world
22 class” and “de-risk” the commercialization of its autonomous freight network and
23 result in “rapid adoption”:

24 We have created a *world class* ecosystem of partners consisting of
25 shippers, carriers, railroads, freight brokers, fleet asset owners, OEMs,
26 Tier 1 components suppliers, and third party service providers that we
27 believe will *de-risk commercialization of the AFN, enable rapid*
28 *adoption of our autonomous freight solution*, and allow us to build
an attractive, network based business model.

53. Importantly, Defendants touted the safety of its purportedly “world
class” sensor system that will provide its semi-trucks with a one-thousand-meter
“perception range.” According to the Prospectus:

Our proprietary sensor system is critical to our L4 autonomous semi-trucks’
perception range and accuracy. *We designed a proprietary camera module*
coupled with our proprietary software that enables the semi-truck’s 1,000
meter perception range, even in low light conditions. This range across
lighting environments is designed to provide our semi-trucks with *sufficient*

1 *reaction time to safely operate at highway speeds, ultimately allowing for a*
2 *planning horizon up to 35 seconds.* Our camera-centric system is powered
3 by both primary and backup cameras, *providing a fully redundant camera*
4 *system for increased safety.* Augmenting the camera perception is an array of
5 LiDAR, radar systems, GPS, and ultrasonic sensors. Our combined use of
6 cameras and sensors provides our semi-trucks with superior perception range,
7 while also being highly accurate in different road scenarios. With the
8 exception of our specially designed long range high definition camera, we
9 have sourced the balance of our sensor suite from existing third party
10 products in order to reduce the cost of the overall system.

11 54. Defendants also touted TuSimple’s mapping technology and monitoring
12 system as crucial to safety:

13 Our in-house mapping technology can quickly map new routes and provide
14 users with more location options for shipping on our AFN. Our proprietary
15 mapping technology and process is accurate to within five centimeters.
16 *Precise localization accuracy is crucial to safely operate semi-trucks*
17 *autonomously given the 8.5 foot average tractor width, particularly when*
18 *travelling on local streets which average just 10 feet wide.* We are able to
19 map new routes at a rate of over 250 miles per week which translates into our
20 ability to map atypical “middle mile” route for a user in approximately four
21 weeks on average. This nimble, flexible approach allows us to quickly meet
22 our users’ evolving freight demands while efficiently expanding our network.

23 ***

24 Our seamless user experience is enhanced by our proprietary TuSimple
25 connect system. This *cloud-based autonomous operations oversight system*
26 *is designed to ensure safe operations, reliability, and efficient capacity for*
27 *our users.* The system directly connects to our users’ Transportation
28 Management Systems, integrating TuSimple Connect into their supply chain
and creating a close user relationship. Our users can book and track their
freight seamlessly with real-time two way communication that allows our
AFN to dynamically match freight supply with demand.

55. Defendants also emphasized to investors its “leader” status in the
autonomous trucking industry, stating for instance:

We have accomplished many first of their kind milestones for an L4
autonomous semi-truck technology company. *We believe that we are further*

1 *in the development of our autonomous technology and closest to*
2 *commercialization than any L4 autonomous semi-truck technology*
3 *company.*

- 4 • First to announce partnerships with OEMs via our Navistar and TRATON
5 partnerships
- 6 • First to announce an investment from a major carrier when UPS invested in
7 our company in 2019
- 8 • First to establish a near highway terminal for autonomous commercial
9 freight operations
- 10 • First and only to demonstrate L4 autonomous semi-truck driving on both
11 surface streets and highways
- 12 • First L4 autonomous semi-truck to haul a paid freight load

13 56. Defendants further emphasized for investors that its technology and
14 business model had been validated by the partnerships into which TuSimple had
15 entered, which rendered the Company superior to its competitors. In particular, the
16 Prospectus stated that:

17 Our partnerships with, and in some cases investments from, sophisticated
18 companies from the freight and technology industries, such as NVIDIA, UPS,
19 Navistar, TRATON, U.S. Xpress, Werner, Schneider, and CN, *validate the*
20 *strength of our technology and our business model.* We believe that we
21 have *the most significant and most numerous points of external validation*
22 *of our technology and approach among autonomous trucking technology*
23 *companies.*

24 57. On May 10, 2021, TuSimple filed with the SEC a Form 8-K which
25 attached a “Q1 2021 Letter to Shareholders,” also dated May 10, 2021, in which
26 Defendants shared with investors the Company’s financial results for the first quarter
27 2021, ended March 31, 2021 (“Q1 2021”). In the Q1 2021 Letter to Shareholders,
28 Defendants touted the development and progress of its technology, stating:

We continued to gain momentum throughout Q1, refining our proprietary
artificial intelligence technology and designing our purpose-built L4, Class 8
truck with Navistar. Alongside these technology developments, we led the

1 industry in building autonomous vehicle ecosystem partnerships and
2 expanded our Autonomous Freight Network (AFN), never losing sight of our
3 mission to enable reliable, low-cost freight capacity as a service *while setting*
a new standard for safety and fuel efficiency.

4 ***

5 Our proprietary AI-based technology continues to set the industry standard
6 and positions us as the leader in autonomous trucking.

7 58. In addition, the Q1 2021 Letter to Shareholders outlined a four-phase
8 development plan for TuSimple’s “autonomous semi-truck technology” intended to
9 “remove the requirement for driver supervision.” According to Defendants, the goal
10 of the “Driver-Out” pilot program “is to publicly demonstrate the safety, maturity,
11 and functionality of our virtual driving system, including commercial operation at
12 night, on our AFN.” Defendants described the four phases of the Driver-Out program
13 as follows:

14 We have divided the development of our Driver-Out pilot program into 4
15 phases. Phase 1 was focused on designing the autonomous system
16 architecture and Phase 2 focused on developing our first prototype. We are
17 currently in Phase 3, targeted at bringing up our testing fleet with Phase 4 as
18 final validation, which we aim to complete in Q4.

19 59. The Q1 2021 Letter to Shareholders included a number of additional
20 representations regarding the state of the Company’s technology, including, without
21 limitation:

22 **Our Perception System’s Capabilities**

23 One of the most important features in TuSimple’s technology stack is the
24 long range perception system. Our L4 truck can perceive and understand road
25 situations for up to 1,000 meters forward and 300 meters in all directions
26 providing up to a 35 second planning horizon. At 75 mph, a fully loaded
27 semi-truck has ~2x the kinetic energy versus 55 mph. To travel at top
28 highway speeds, a long planning horizon is necessary for safe L4 operation.

1 We have designed a state-of-the-art system for image-based perception. Our
2 camera-centric architecture combines multiple sensors (cameras, LiDARs
3 and radars) with TuSimple Computer Vision technology, processing 600
4 trillion operations per second.... Our Computer Vision technology has
5 broken 10 world records, ranking first at KITTI, Cityscapes, and on
Waymo's 2020 Open Dataset for 2D perception.

6 ***

7 **Seeing is Not Enough: Proprietary AI Interpretation**

8 Our perception system provides rich context information about road
9 conditions and behavior of other road users, which is essential for safety. Our
10 L4 truck is not only aware of other vehicles but also their distance, speed, and
11 vehicle type. Furthermore, it attempts to predict their intentions and future
12 maneuvers. The system also performs extensive scenario classification to
understand the entire context of the road.

13 ***

14 **End Result: Unmatched Capabilities for TuSimple**

15 Our 1,000 meter perception has enabled us to be the only AV trucking
16 company to demonstrate autonomous operations on both surface streets and
17 highways up to 75 mph, positioning us as the industry leader.

18
19 60. On May 11, 2021, TuSimple filed on Form 10-Q its quarterly report for
20 Q1 2021 ("Q1 2021 10-Q"). In the Q1 2021 10-Q, Defendants made a number of
21 representations regarding safety, including:

22 *Since the market for autonomous solutions is relatively new and disruptive,*
23 *if our L4 autonomous driving technology fails to gain acceptance from users*
24 *and other stakeholders in the freight transportation industry, our business,*
25 *prospects, operating results, and financial condition could be materially*
harmed.

26 Demand for autonomous driving technology depends to a large extent on
27 general, economic, political, and social conditions in a given market. The
28 market opportunities we are pursuing are at an early stage of development, and
it is difficult to predict user demand or adoption rates for our solutions,

1 including the AFN, or the future growth of the markets in which we operate.
2 Despite the fact that the automotive industry has engaged in considerable effort
3 to research and test L2 and L3 autonomous cars, our technology targeting L4
4 autonomous semi-trucks requires significant investment and may never be
commercially successful on a large scale, or at all.

5 Further, even if we succeed in operating at commercial scale, because of
6 the disruptive nature of our business to the freight transportation industry, key
7 industry participants may not accept our AFN, may develop competing
8 services or may otherwise seek to subvert our efforts. For example,
9 autonomous semi-trucks might displace individual semi-truck drivers and
10 small fleet owners. Labor unions may also raise concerns about autonomous
11 semi-trucks displacing drivers or otherwise negatively affecting employment
12 opportunities for their members, as has been the case in other industries that
13 have been subject to automation. This has in the past resulted, and could in the
14 future result, in negative publicity, lobbying efforts to U.S. local, state, and
15 federal, lawmaking authorities, or equivalent authorities in the foreign
16 jurisdictions in which we seek to do business, to implement legislation or
17 regulations that make it more difficult to operate our business or boycotts of us
18 or our users. Any such occurrences could materially harm our future business.

19 Additionally, regulatory, safety, and reliability issues, or the perception
20 thereof, many of which are outside of our control, could also cause the public
21 or our potential partners and users to lose confidence in autonomous solutions
22 in general. The safety of such technology depends in part on user interaction
23 and users, as well as other drivers, pedestrians, other obstacles on the roadways
24 or other unforeseen events. For example, there have been several crashes
25 involving automobiles of other manufacturers resulting in death or personal
26 injury where autopilot features are engaged. Even though these incidents were
27 unrelated to our AFN and our technology, such cases resulted in significant
28 negative publicity and, in the future, could result in suspension or prohibition
of self-driving vehicles. If safety and reliability issues for autonomous driving
technology cannot be addressed properly, our business, prospects, operating
results, and financial condition could be materially harmed.

Our autonomous driving technology and related hardware and software could have undetected defects, errors or bugs in hardware or software which could create safety issues, reduce market adoption, damage our reputation with current or prospective users or expose us to product liability and other claims that could materially and adversely affect our business.

1 Our autonomous driving technology is highly technical and very complex,
2 and has in the past and may in the future experience defects, errors or bugs at
3 various stages of development. We may be unable to timely correct problems
4 to our partners' and users' satisfaction. Additionally, there may be undetected
5 errors or defects especially as we introduce new systems or as new versions
6 are released. These risks are particularly prevalent in the highly competitive
7 freight transport market, as any such errors or defects could delay or prevent
8 the adoption of autonomous driving technology in trucks. Errors or defects in
9 our products may only be discovered after they have been tested,
10 commercialized, and deployed. If that is the case, we may incur significant
11 additional development costs and product recall, repair or replacement costs,
12 or more importantly, liability for personal injury or property damage caused
13 by such errors or defects, as these problems would also likely result in claims
14 against us. Our reputation or brand may be damaged as a result of these
15 problems and users may be reluctant to use our services, which could adversely
16 affect our ability to retain existing users and attract new users, and could
17 materially and adversely affect our financial results.

18 In addition, we could face material legal claims for breach of contract,
19 product liability, tort or breach of warranty as a result of these problems. Any
20 such lawsuit may cause irreparable damage to our brand and reputation. In
21 addition, defending a lawsuit, regardless of its merit, could be costly and may
22 divert management's attention and adversely affect the market's perception of
23 us and our services. In addition, our business liability insurance coverage could
24 prove inadequate with respect to a claim and future coverage may be
25 unavailable on acceptable terms or at all. These product-related issues could
26 result in claims against us and our business could be materially and adversely
27 affected.

28 ***The operation of our L4 autonomous semi-trucks is different from non-
autonomous semi-trucks and may be unfamiliar to our users and other road
users.***

We have specifically engineered our L4 autonomous semi-trucks with our
technology to provide a superior ability to sense, predict, and react to real-
world driving situations. Our proprietary artificial intelligence ("AI") and
machine vision capabilities are specifically engineered to meet the demands of
commercial trucks. In certain instances, these protections may cause the
vehicle to behave in ways that are unfamiliar to drivers of non-autonomous
driving trucks. For example, our L4 autonomous semi-trucks adhere strictly to
safety rules, including stopping for three seconds at a stop sign. These safety

1 rules may not be strictly adhered to by human drivers, and thus may be
2 unfamiliar or come as a surprise to other drivers on the road.

3 Furthermore, there can be no assurance that our users will be able to
4 properly adapt to the different operation processes for our L4 autonomous
5 semi-trucks. For example, they may not be able to adapt their business
6 processes to address activities such as the dispatching of trucks, pre-trip
7 inspections, remote monitoring, and rescuing of trucks. Any accidents
8 resulting from such failure to operate our L4 autonomous semi-trucks properly
9 could harm our brand and reputation, result in adverse publicity, and product
10 liability claims, and have a material adverse effect on our business, prospects,
11 financial condition, and operating results.

12 61. In the Q1 2021 10-Q, Defendants further warned of the impact of
13 performance failures and product recalls that could materially and adversely impact
14 the Company's business:

15 ***If our L4 autonomous semi-trucks fail to perform as expected, our ability to***
16 ***develop our AFN and market, sell or lease our purpose-built L4 autonomous***
17 ***semi-trucks could be harmed. Future product recalls involving our purpose-***
18 ***built L4 autonomous semi-trucks or hardware deployed on our L4***
19 ***autonomous semi-trucks could materially and adversely affect our business,***
20 ***prospects, operating results, and financial condition.***

21 Our L4 autonomous semi-trucks and, once production begins, our purpose-
22 built L4 autonomous semi-trucks may contain defects in design and
23 manufacture that may cause them not to perform as expected or may require
24 repair. For example, our L4 autonomous semi-trucks currently use, and our
25 purpose-built L4 autonomous semi-trucks are expected to use, a substantial
26 amount of software to operate which will require modification and updates
27 over the life of the vehicle. Software products are inherently complex and often
28 contain defects and errors when first introduced. There can be no assurance
that we will be able to detect and fix any defects in the semi-trucks' hardware
or software prior to commencing user sales or during the life of the trucks. Our
purpose-built L4 autonomous semi-trucks may not perform consistent with
users' expectations or consistent with other trucks that may become available.
Any product defects or any other failure of our purpose-built L4 autonomous
semi-trucks to perform as expected could harm our reputation, ability to
develop our AFN and result in adverse publicity, lost revenue, delivery delays,
product recalls, product liability claims, and significant warranty and other

1 expenses, and could have a material adverse impact on our business, financial
2 condition, operating results, and prospects.

3 Once production begins, we may experience recalls involving our purpose-
4 built L4 autonomous semi-trucks, which could adversely affect our brand in
5 our target markets and could adversely affect our business, prospects, and
6 results of operations. Any product recall in the future may result in adverse
7 publicity, damage our brand, and materially adversely affect our business,
8 prospects, operating results, and financial condition. In the future, we may
9 voluntarily or involuntarily, initiate a recall if any of our purpose-built L4
10 autonomous semi-truck components (including LiDAR sensors, cameras, and
11 other components) prove to be defective or noncompliant with applicable
motor vehicle safety standards. Such recalls typically involve significant
expense and diversion of management attention and other resources, which
could adversely affect our brand image, as well as our business, prospects,
financial condition, and results of operations.

12 62. The Q1 2021 10-Q further included representations regarding the
13 Company's exposure resulting from harm or injury caused by its technology,
14 including the following:

15
16 ***We may be subject to product liability or warranty claims that could result***
17 ***in significant direct or indirect costs, including reputational harm,***
18 ***increased insurance premiums or the need to self-insure, which could***
adversely affect our business and operating results.

19 Our technology is used for autonomous driving, which presents the risk of
20 significant injury, including fatalities. We may be subject to claims if one of
21 our or a user's semi-truck is involved in an accident and persons are injured
22 or purport to be injured or if property is damaged. Any insurance that we
23 carry may not be sufficient or it may not apply to all situations. The risk of
24 serious injury, death, and substantial damage to property is much higher with
25 a substantially heavier fast-moving autonomous semi-truck, as compared to a
26 collision with a slower moving autonomous passenger car in an urban
27 environment. In accidents involving semi-trucks, most of the resulting
28 fatalities are victims outside of the semi-truck. If we experience such an event
or multiple events, our insurance premiums could increase significantly or
insurance may not be available to us at all. Further, if insurance is not
available on commercially reasonable terms, or at all, we might need to self-
insure. In addition, lawmakers or governmental agencies could pass laws or

1 adopt regulations that limit the use of autonomous trucking technology or
2 increase liability associated with its use. Any of these events could adversely
3 affect our brand, relationships with users, operating results, or financial
4 condition.

5 63. Also in the Q1 2021 10-Q, with respect to risks related to the regulatory
6 environment in which TuSimple operates, Defendants represented that:

7 ***Our business may be adversely affected by changes in automotive safety***
8 ***regulations or concerns that drive further regulation of the automobile safety***
9 ***market.***

10 Government vehicle safety regulations have a substantial impact on our
11 business, prospects, and our future plans. Government safety regulations are
12 subject to change based on a number of factors that are not within our control,
13 including new scientific or technological data, adverse publicity regarding
14 industry recalls and safety risks associated with autonomous driving
15 technology, accidents involving autonomous vehicles, domestic and foreign
16 political developments or considerations, and litigation relating to autonomous
17 vehicles. Changes in government regulations, especially in autonomous
18 driving and the freight industry could adversely affect our business. If
19 government priorities shift and we are unable to adapt to changing regulations,
20 our business may be materially and adversely affected.

21 The costs of complying with safety regulations could increase as regulators
22 impose more stringent compliance and reporting requirements in response to
23 product recalls and safety issues in the automotive industry. As the semi-trucks
24 that carry our systems go into production, we would be subject to existing
25 stringent requirements under the National Traffic and Motor Vehicle Safety
26 Act of 1966 (the “Vehicle Safety Act”), including a duty to report, subject to
27 strict timing requirements, safety defects. The Vehicle Safety Act imposes
28 potentially significant civil penalties for violations including the failure to
comply with such reporting actions. We are also subject to the existing U.S.
Transportation Recall Enhancement, Accountability and Documentation Act
(the “TREAD Act”), which requires motor vehicle equipment manufacturers,
such as us, to comply with “Early Warning” requirements by reporting certain
information to the National Highway Traffic Safety Administration (the
“NHTSA”) such as information related to defects or reports of injury. The
TREAD Act imposes criminal liability for violating such requirements if a
defect subsequently causes death or bodily injury. In addition, the National
Traffic and Motor Vehicle Safety Act authorizes NHTSA to require a

1 manufacturer to recall and repair vehicles that contain safety defects or fail to
2 comply with U.S. federal motor vehicle safety standards. Sales into foreign
3 countries may be subject to similar regulations. If we cannot rapidly address
4 any safety concerns or defects with our products, our business, results of
5 operations, and financial condition will be adversely affected.

6 The U.S. Department of Transportation issued regulations in 2016 that
7 require manufacturers of certain autonomous vehicles to provide
8 documentation covering specific topics to regulators, such as how automated
9 systems detect objects on the road, how information is displayed to drivers,
10 what cybersecurity measures are in place and the methods used to test the
11 design and validation of autonomous driving systems. If the obligations
12 associated with complying with safety regulations increase it may
13 require increased resources, divert management's attention, and adversely
14 affect our business.

15 ***We are subject to substantial regulations, including regulations governing***
16 ***autonomous vehicles, and unfavorable changes to, or failure by us to comply***
17 ***with, these regulations could substantially harm our business and operating***
18 ***results.***

19 Our L4 autonomous semi-trucks are subject to substantial regulation under
20 international, federal, state, and local laws. Regulations designed to govern
21 autonomous vehicle operation, testing and/or manufacture are still developing
22 and may change significantly. These regulations could include requirements
23 that significantly delay or narrowly limit the commercialization of autonomous
24 vehicles, limit the number of autonomous vehicles that we can manufacture or
25 use on our platform, impose restrictions on the number of vehicles in operation
26 and the locations where they may be operated or impose significant liabilities
27 on manufacturers or operators of autonomous vehicles or developers of
28 autonomous vehicle technology. If regulations of this nature are implemented,
we may not be able to commercialize our autonomous vehicle technology in
the manner we expect, or at all. In addition, the costs of complying with such
regulations could be prohibitive and prevent us from operating our business in
the manner we intend.

Further, we are subject to international, federal, state, and local laws and
regulations, governing pollution, protection of the environment, and
occupational health, and safety, including those related to the use, generation,
storage, management, discharge, transportation, disposal, and release of, and
human exposure to, hazardous and toxic materials. Such laws and regulations
have tended to become more stringent over time.

1 Fines, penalties, costs or liabilities associated with such existing or new
2 regulations or laws, including as a result of our failure to comply, could be
3 substantial and in certain cases joint and several, and could adversely impact
4 our business, prospects, financial condition, and operating results.

5 64. In connection with the Q1 2021 10-Q, Defendants Lu and Dillon each
6 executed a certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
7 (the “Sarbanes-Oxley Act”), and certified that:

- 8 1. I have reviewed this Quarterly Report on Form 10-Q of TuSimple
9 Holdings Inc.;
- 10 2. Based on my knowledge, this report does not contain any untrue
11 statement of a material fact or omit to state a material fact necessary to
12 make the statements made, in light of the circumstances under which
13 such statements were made, not misleading with respect to the period
14 covered by this report;
- 15 3. Based on my knowledge, the financial statements, and other financial
16 information included in this report, fairly present in all material
17 respects the financial condition, results of operations and cash flows of
18 the registrant as of, and for, the periods presented in this report;
- 19 4. The registrant's other certifying officer(s) and I are responsible for
20 establishing and maintaining disclosure controls and procedures (as
21 defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the
22 registrant and have:
 - 23 (a) Designed such disclosure controls and procedures, or caused such
24 disclosure controls and procedures to be designed under our supervision,
25 to ensure that material information relating to the registrant, including
26 its consolidated subsidiaries, is made known to us by others within those
27 entities, particularly during the period in which this report is being
28 prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and
procedures and presented in this report our conclusions about the
effectiveness of the disclosure controls and procedures, as of the end of
the period covered by this report based on such evaluation; and

1 (c) Disclosed in this report any change in the registrant's internal control
2 over financial reporting that occurred during the registrant's most recent
3 fiscal quarter (the registrant's fourth fiscal quarter in the case of an
4 annual report) that has materially affected, or is reasonably likely to
5 materially affect, the registrant's internal control over financial
6 reporting; and

7 5. The registrant's other certifying officer(s) and I have disclosed, based
8 on our most recent evaluation of internal control over financial
9 reporting, to the registrant's auditors and the audit committee of the
10 registrant's board of directors (or persons performing the equivalent
11 functions):

12 (a) All significant deficiencies and material weaknesses in the design or
13 operation of internal control over financial reporting which are
14 reasonably likely to adversely affect the registrant's ability to record,
15 process, summarize and report financial information; and

16 (b) Any fraud, whether or not material, that involves management or other
17 employees who have a significant role in the registrant's internal control
18 over financial reporting.

19 65. Also pursuant to Section 906 of the Sarbanes-Oxley Act, Defendants Lu
20 and Dillon certified that the Q1 2021 10-Q “fully complies with the requirements of
21 section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended” and that
22 “[t]he information contained in the Report fairly presents, in all material respects, the
23 financial condition and result of operations of the Company.”

24 66. On August 6, 2021, TuSimple filed with the SEC its quarterly report on
25 Form 10-Q for the second quarter 2021, ended June 30, 2021 (“Q2 2021 10-Q”). The
26 Q2 2021 10-Q included the same or substantially similar representations regarding
27 safety, the risks and exposure to the Company of performance failures, and the risks
28 regarding the Company’s regulatory environment as Defendants made in the Q1 2021
10-Q as alleged in paragraphs 60 – 63, *supra*.

1 67. Moreover, in the Q2 2021 10-Q, Defendants Lu and Dillon executed
2 certifications pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act, as set
3 forth in paragraphs 64 – 65, *supra*.

4 68. On November 4, 2021, TuSimple filed with the SEC its quarterly report
5 on Form 10-Q for the third quarter 2021, ended September 30, 2021 (“Q3 2021 10-
6 Q”). The Q3 2021 10-Q included the same or substantially similar representations
7 regarding safety, the risks and exposure to the Company of performance failures, and
8 the risks regarding the Company’s regulatory environment as Defendants made in the
9 Q1 2021 10-Q as alleged in paragraphs 60 – 63, *supra*.

10 69. Moreover, in the Q3 2021 10-Q, Defendants Lu and Dillon executed
11 certifications pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act as set forth
12 in paragraphs 64 – 65, *supra*.

13 70. On February 24, 2022, TuSimple filed with the SEC its annual report on
14 Form 10-K for the fourth quarter and full year 2021, ended December 31, 2021
15 (“2021 10-K”). The 2021 10-K included the same or substantially similar
16 representations regarding safety, the risks to the Company of performance failures,
17 and the risks regarding the Company’s regulatory environment as Defendants made
18 in the Q1 2021 10-Q as alleged in paragraphs 60 – 63, *supra*.

19 71. Moreover, in the 2021 10-K, Defendants Lu and Dillon executed
20 certifications pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act as set forth
21 in paragraphs 64 – 65, *supra*.

22 72. On March 3, 2022, on Form 8-K filed with the SEC, the Company
23 announced that Defendant Lu was resigning as President, CEO, and as a member of
24 TuSimple’s Board of Directors, effective immediately. Also resigning was Executive
25 Chairman of the Board Mo Chen. According to the 8-K, the Board had appointed
26 Defendant Hou, TuSimple’s co-founder and then-Chief Technology Officer to serve
27 as President, CEO, and Chairperson of the Board.
28

1 driving technology, gave investors cause to question Defendants’ representations
2 regarding the Company’s approach to safety in the development and launch of its
3 technology. The article also reported that federal regulators were investigating the
4 Company. In pertinent part, the article stated that:

5 On April 6, an autonomously driven truck fitted with technology by
6 TuSimple Holdings Inc. suddenly veered left, cut across the I-10 highway in
7 Tucson, Ariz., and slammed into a concrete barricade.

8 The accident, which regulators disclosed to the public in June after TuSimple
9 filed a report on the incident, ***underscores concerns that the autonomous-***
10 ***trucking company is risking safety on public roads in a rush to deliver***
11 ***driverless trucks to market, according to independent analysts and more***
12 ***than a dozen of the company’s former employees.***

13 ***

14 The Federal Motor Carrier Safety Administration, an agency within the
15 Transportation Department regulating trucks and buses, has launched what it
16 described in a May 26 letter to the company as a “***safety compliance***
17 ***investigation” into TuSimple.*** The letter referenced the accident.

18 The April incident involved a rig with a TuSimple driver and engineer
19 aboard, and the company has repeatedly blamed the accident on human error.
20 But details in the June regulatory disclosure, along with internal company
21 documents, show what autonomous-driving-system specialists say are
22 ***fundamental problems with the company’s technology.***

23 ***

24 But researchers at Carnegie Mellon University said it was the autonomous-
25 driving system that turned the wheel and that ***blaming the entire accident on***
26 ***human error is misleading.*** Common safeguards would have prevented the
27 crash had they been in place, said the researchers, who have spent decades
28 studying autonomous-driving systems.

For example, a safety driver—a person who sits in the truck to backstop the
artificial

intelligence—should never be able to engage a self-driving system that isn’t
properly functioning, they said. The truck also shouldn’t respond to
commands that are even a couple hundredths of a second old, they said. And

1 the system should never permit an autonomously-driven truck to turn so
2 sharply while traveling at 65 miles an hour.

3 ***“This information shows that the testing they are doing on public roads is***
4 ***highly unsafe,”*** said Phil Koopman, an associate professor at Carnegie
5 Mellon who has contributed to international safety standards for autonomous
6 vehicles, referring to the company’s disclosures.

7 TuSimple said that after the accident, it modified its autonomous-driving
8 system so that a human can’t engage it unless the computer system is fully
9 functional. A former TuSimple engineer said the move was ***long overdue***.

10 ***

11 The National Highway Traffic Safety Administration is joining the DOT
12 agency investigation into TuSimple.

13 ***

14 So far, TuSimple’s rivals, including Aurora Innovation Inc. and Embark
15 Technology Inc., have refrained from testing unmanned trucks on public
16 highways because the technology hasn’t developed enough to satisfy their
17 own safety standards, according to public statements by the companies and
18 investor filings.

19 Don Burnette, chief executive of autonomous-trucking startup Kodiak
20 Robotics Inc., said his firm is leaving safety drivers in the cab until he can
21 confirm that his trucks operate more safely than an attentive human driver.

22 TuSimple’s April accident involved a truck with an engineer and safety
23 driver. But TuSimple is also testing trucks without drivers on public roads
24 and announced in December 2021 that it had completed one such trip of 80
25 miles in Arizona. ***That distance far exceeds those of the handful of other***
26 ***companies that have attempted driverless runs,*** and TuSimple said it has
27 since logged hundreds of miles more without any human in the cab.

28 TuSimple’s founder, Xiaodi Hou, a graduate of the California Institute of
Technology who holds a Ph.D. in computation and neural systems, said the
December event showed the company had cleared the final technological
hurdle ahead of commercializing autonomous trucks. “We have actually no
unconquered technical challenges on the table,” Mr. Hou said in a March
interview on CNBC.

1 TuSimple had set a goal of 500 practice runs before launching “Ghost Rider,”
2 the internal name for the December driverless run, according to people
3 familiar with the matter. ***But it had conducted less than half of those when it***
4 ***launched the fully automated drive, which it did without informing its***
5 ***security teams. They learned of the event only after it occurred, one of the***
6 ***people said.*** A TuSimple spokesman said the company proceeded with the
7 driverless test “after addressing any and all legitimate concerns.”

8 ***TuSimple’s accident follows years of management rebuffing what some***
9 ***former employees say were significant safety and security complaints. In***
10 ***late 2021, a group of employees raised some of these issues with the legal***
11 ***department, according to people familiar with the matter.*** A presentation
12 included the company’s alleged ***failure to check software regularly for***
13 ***vulnerabilities and use of unencrypted communications to manage trucks,***
14 which could provide an opening for hackers to intercept data going between
15 engineers and the vehicles’ systems, the people said.

16 ***Safety drivers, meanwhile, have flagged concerns about failures in a***
17 ***mechanism that didn’t always enable them to shut off the self-driving***
18 ***system*** by turning the steering wheel, a standard safety feature, other people
19 familiar with the matter said. ***Company management dismissed the safety***
20 ***drivers’ concerns,*** the people said.

21 ***

22 TuSimple was the first autonomous-trucking startup to tap the public
23 markets, listing shares on the Nasdaq Composite Index in April 2021 with a
24 valuation of \$8.5 billion. Other rivals soon followed suit. Some analysts
25 worry that pressures to deliver results to investors, expecting near-term
26 returns, might come at the expense of public safety. ***“The industry is***
27 ***enormously incentivized to go as fast as they can,”*** said Mr. Koopman.

28 ***

29 Meanwhile, dozens of employees in key roles have departed and Mr. Hou has
30 moved to consolidate control over the company he started, according to
31 former employees. The moves reflect his efforts to avoid executives pushing
32 back on his rush to get products to market, these people say. On March 3, the
33 company announced the departure of its chief executive and said Mr. Hou
34 would take on that role.

35 Mr. Hou, the company’s largest stakeholder, also became chairman of the
36 board. On June 21, TuSimple announced the departure of Chief Financial

1 Officer Patrick Dillon, who held that position for about a year and a half. No
2 successor has been announced.

3 ***

4 ***People familiar with the matter say those who raised safety concerns were***
5 ***ignored, or even fired in some instances, which the company spokesman***
6 ***denied. John Lindland, once the company’s top safety official, said in a***
7 ***lawsuit filed in federal court in California in March 2021 that he was***
8 ***wrongfully fired after he refused to sign off on safety standards that he said***
9 ***the company had yet to meet.***

10 “Essentially, Mr. Hou would come up with an idea, instruct his teams to
11 execute the idea, and then would test the idea on public roads, bypassing all
12 safety standards and regulations,” Mr. Lindland said in a filing in the case,
13 which is pending.

14 77. In fact, in his wrongful termination complaint,² John Lindland
15 (“Lindland”), the former TuSimple safety engineer quoted in the *Wall Street Journal*
16 article, alleges highly troubling conduct on the part of the Company and Defendant
17 Hou that calls into question TuSimple’s Class Period representations regarding
18 safety. For instance, during his year-and-a-half tenure at TuSimple that spanned from
19 August 2018 through March 2020, Lindland was given the impression that
20 management considered Functional Safety “a waste of [Defendant Hou’s team’s]
21 time,” and yet management “*falsely* advertis[ed] to their customers how Function
22 Safety is concern number one at TuSimple.” (Emphasis in original.) Lindland’s
23 complaint details numerous incidents underscoring that “Lindland was wrongfully
24 terminated under the excuse that he was ‘disruptive’ and ‘did not do his job,’ while
25 the real reason for his termination was the fact that he would not falsify information
26 with respect to safety....”³

27 ² *Lindland v. TuSimple, Inc.*, Case No. 3:21-cv-00417-RBM-MDD (S.D. Cal.) at ECF No. 1.

28 ³ As of the filing of this Complaint, the parties in the Lindland wrongful termination suit are briefing summary judgment. *Lindland*, ECF Nos. 56, 57

1 78. On this news, shares of TuSimple plummeted 9.8%, falling \$0.97 per
2 share, from a closing price of \$9.96 per share on July 29, 2022 to a closing price of
3 \$8.99 per share on August 1, 2022.

4 79. As of the date of the filing of this Complaint, TuSimple shares traded as
5 low as \$7.05 per share, representing a decline of over 82% from the \$40 IPO offering
6 price.

7 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

8 80. Plaintiff brings this action as a class action pursuant to Federal Rule of
9 Civil Procedure 23(a) and (b)(3) on behalf of all persons and entities other than
10 Defendants who: (a) purchased or otherwise acquired TuSimple common stock
11 pursuant and/or traceable to the Registration Statement and Prospectus issued in
12 connection with TuSimple’s April 15, 2021 IPO, defined previously as the “IPO
13 Class”; and/or (b) that purchased or otherwise acquired TuSimple securities during
14 the Class Period – namely, between April 15, 2021 and August 1, 2022, both dates
15 inclusive, defined previously as the “10b-5 Class”; and were damaged thereby (the
16 “Classes”). Excluded from the Classes are Defendants, the officers and directors of
17 the Company, at all relevant times, members of their immediate families and their
18 legal representatives, heirs, successors, or assigns, and any entity in which
19 Defendants have or had a controlling interest.

20 81. The members of the Classes are so numerous that joinder of all members
21 is impracticable. Throughout the Class Period, TuSimple securities were actively
22 traded on the NASDAQ. While the exact number of Classes members is unknown to
23 Plaintiff at this time and can be ascertained only through appropriate discovery,
24 Plaintiff believes that there are hundreds or thousands of members in the proposed
25 Classes. Record owners and other members of the Classes may be identified from
26 records maintained by TuSimple or its transfer agent and may be notified of the
27 pendency of this action by mail, using the form of notice similar to that customarily
28 used in securities class actions.

1 82. Plaintiff's claims are typical of the claims of the members of the Classes
2 as all members of the Classes are similarly affected by Defendants' wrongful conduct
3 in violation of federal law that is complained of herein.

4 83. Plaintiff will fairly and adequately protect the interests of the members
5 of the Classes and has retained counsel competent and experienced in class and
6 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those
7 of the Classes.

8 84. Common questions of law and fact exist as to all members of the Classes
9 and predominate over any questions solely affecting individual members of the
10 Classes. Among the questions of law and fact common to the Classes are:

- 11 • whether the federal securities laws were violated by Defendants' acts as
12 alleged herein;
- 13 • whether statements made by Defendants to the investing public during
14 the Class Period, misrepresented material facts about the business,
15 operations and management of TuSimple;
- 16 • whether certain Defendants acted knowingly or recklessly in issuing
17 false and misleading financial statements;
- 18 • whether the prices of TuSimple securities during the Class Period were
19 artificially inflated because of the Defendants' conduct complained of
20 herein; and
- 21 • whether the members of the Classes have sustained damages and, if so,
22 what is the proper measure of damages.

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

1 86. Plaintiff will rely, in part, upon the presumption of reliance established
2 by the fraud-on-the-market doctrine in that:

- 3 • Defendants made public misrepresentations or failed to disclose
4 material facts during the Class Period;
- 5 • the omissions and misrepresentations were material;
- 6 • TuSimple securities are traded in an efficient market;
- 7 • the Company's shares were liquid and traded with moderate to heavy
8 volume during the Class Period;
- 9 • the Company traded on the NASDAQ and was covered by multiple
10 analysts;
- 11 • the misrepresentations and omissions alleged would tend to induce a
12 reasonable investor to misjudge the value of the Company's securities;
13 and
- 14 • Plaintiff and members of the Classes purchased, acquired and/or sold
15 TuSimple securities between the time the Defendants failed to disclose
16 or misrepresented material facts and the time the true facts were
disclosed, without knowledge of the omitted or misrepresented facts.

17 87. Based upon the foregoing, Plaintiff and the members of the Classes are
18 entitled to a presumption of reliance upon the integrity of the market.

19 88. Alternatively, Plaintiff and the members of the Classes are entitled to
20 the presumption of reliance established by the Supreme Court in *Affiliated Ute*
21 *Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as
22 Defendants omitted material information in their Class Period statements in violation
23 of a duty to disclose such information, as detailed above.

24 **ADDITIONAL SCIENTER ALLEGATIONS**

25 89. As alleged herein, Defendants acted with scienter in that Defendants
26 knew or were reckless as to whether the public documents and statements issued or
27 disseminated in the name of the Company during the Class Period were materially
28 false and misleading; knew or were reckless as to whether such statements or

1 documents would be issued or disseminated to the investing public, and knowingly
2 and substantially participated or acquiesced in the issuance or dissemination of such
3 statements or documents as primary violations of the federal securities laws.

4 90. As set forth herein, the Individual Defendants, by virtue of their
5 receipt of information reflecting the true facts regarding TuSimple, their control
6 over, receipt, and/or modification of TuSimple's allegedly materially misleading
7 statements and omissions, and/or their positions with the Company which made
8 them privy to confidential information concerning TuSimple, participated in the
9 fraudulent scheme alleged herein.

10 **INAPPLICABILITY OF STATUTORY SAFE HARBOR**

11 91. The federal statutory safe harbor provided for forward-looking
12 statements under certain circumstances does not apply to any of the allegedly
13 false statements pleaded in this Complaint. The statements alleged to be false and
14 misleading herein all relate to then-existing facts and conditions. In addition, to the
15 extent certain of the statements alleged to be false may be characterized as forward-
16 looking, they were not identified as "forward-looking statements" when made, and
17 there were no meaningful cautionary statements identifying important factors that
18 could cause actual results to differ materially from those in the purportedly forward-
19 looking statements.

20 92. In the alternative, to the extent that the statutory safe harbor is
21 determined to apply to any forward-looking statements pleaded herein, Defendants
22 are liable for those false forward- looking statements because at the time each of
23 those forward-looking statements was made, the speaker had actual knowledge
24 that the forward-looking statement was materially false or misleading, and/or
25 the forward-looking statement was authorized or approved by an executive officer
26 of TuSimple who knew that the statement was false when made.

1 **LOSS CAUSATION**

2 93. Defendants' wrongful conduct, as alleged herein, directly and
3 proximately caused the economic loss, *i.e.*, damages, suffered by Plaintiff and the
4 Classes.

5 94. During the Class Period, as detailed herein, Defendants made materially
6 false and misleading statements and omissions and engaged in a scheme to deceive
7 the market. This artificially inflated the prices of TuSimple's common stock and
8 operated as a fraud or deceit on the Classes. When Defendants' prior
9 misrepresentations, information alleged to have been concealed, fraudulent conduct,
10 and/or the effect thereof were disclosed to the market, the price of TuSimple's stock
11 fell precipitously, as the prior artificial inflation came out of the price.

12 **COUNT I**

13 **(Violations of § 11 of the Securities Act**
14 **Against All Defendants)**

15 95. Plaintiff repeats and realleges each and every allegation contained
16 above. Additionally, for purposes of this Cause of Action, Plaintiff expressly
17 excludes and disclaims any allegation construed as alleging fraud or intentional or
18 reckless misconduct, as this Cause of Action is based solely on claims of strict
19 liability and/or negligence under the Securities Act.

20 96. This Cause of Action is brought pursuant to § 11 of the Securities Act,
21 15 U.S.C. § 77k, on behalf of the IPO Class, against all Defendants.

22 97. The Registration Statement was false and misleading, contained untrue
23 statements of material fact, omitted to state other facts necessary to make the
24 statements made not misleading, and omitted to state material facts required to be
25 stated therein.

26 98. TuSimple is the registrant for the IPO. As issuer of the shares, TuSimple
27 is strictly liable to Plaintiff and the IPO Class for the misstatements and omissions.
28

1 99. Defendants were responsible for the contents and dissemination of the
2 Registration Statement. Each of the Securities Act Individual Defendants signed the
3 Registration Statement, was a director of TuSimple at the time of filing, and/or was
4 named in the Registration Statement, with their consent, as about to become a
5 director.

6 100. The Underwriter Defendants were responsible for the contents and
7 dissemination of the Registration Statement.

8 101. None of the Defendants made a reasonable investigation or possessed
9 reasonable grounds for the belief that the statements contained in the Registration
10 Statement were true and without omission of any material facts and were not
11 misleading.

12 102. By reason of the conduct herein alleged, each Defendant violated and/or
13 controlled a person who violated § 11 of the Securities Act.

14 103. Plaintiff acquired his shares pursuant and/or traceable to the Registration
15 Statement for the IPO.

16 104. Plaintiff and the IPO Class have sustained damages. The value of
17 TuSimple shares has declined substantially subsequent to and due to Defendants'
18 violations.

19 105. At the time of their purchases or acquisitions of TuSimple shares,
20 Plaintiff and other members of the IPO Class were without knowledge of the facts
21 concerning the wrongful conduct alleged herein and could not have reasonably
22 discovered those facts prior to the disclosures herein.

23 106. Less than one year has elapsed from the time that Plaintiff discovered or
24 reasonably could have discovered the facts upon which this Complaint is based to the
25 time that this action was commenced. Less than three years has elapsed between the
26 time that the securities upon which this cause of action is brought were offered to the
27 public and the time this action was commenced.

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1 107. By reason of their conduct alleged herein, Defendants violated § 11 of
2 the Securities Act.

3 **COUNT II**

4 **(Violations of § 15 of the Securities Act**
5 **Against the Securities Act Individual Defendants and TuSimple)**

6 108. Plaintiff repeats and realleges each and every allegation contained
7 above. Additionally, for purposes of this Cause of Action, Plaintiff expressly
8 excludes and disclaims any allegation construed as alleging fraud or intentional or
9 reckless misconduct, as this Cause of Action is based solely on claims of strict
10 liability and/or negligence under the Securities Act.

11 109. This Cause of Action is brought pursuant to § 15 of the Securities Act,
12 15 U.S.C. § 77o, on behalf of the IPO Class, against the Individual Defendants and
13 TuSimple.

14 110. The Individual Defendants and TuSimple were control persons of
15 TuSimple by virtue of their positions as directors and/or senior officers, which
16 allowed each of the Individual Defendants to exercise control over TuSimple, its
17 operations, and the Registration Statement.

18 111. TuSimple and the Individual Defendants controlled TuSimple and all of
19 its employees.

20 112. Each of the Defendants named herein was a culpable participant in the
21 violations of § 11 of the Securities Act alleged in the Cause of Action above, based
22 on their having signed or authorized the signing of the Registration Statement, having
23 been named with their consent in the Registration Statement, and/or having otherwise
24 participated in the process that allowed the IPO to be completed.

COUNT III

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against TuSimple and the Individual Defendants)

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

114. This Count is asserted against TuSimple and the Individual Defendants on behalf of the 10b-5 Class, and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

115. During the Class Period, TuSimple and the Individual Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the 10b-5 Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other 10b-5 Class members, as alleged herein; (ii) artificially inflate and maintain the market price of TuSimple securities; and (iii) cause Plaintiff and other members of the 10b-5 Class to purchase or otherwise acquire TuSimple securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, TuSimple and the Individual Defendants, and each of them, took the actions set forth herein.

116. Pursuant to the above plan, scheme, conspiracy, and course of conduct, TuSimple and the Individual Defendants each participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market

1 for TuSimple securities. Such reports, filings, releases and statements were materially
2 false and misleading in that they failed to disclose material adverse information and
3 misrepresented the truth about TuSimple's finances and business prospects.

4 117. By virtue of their positions at TuSimple, the Individual Defendants had
5 actual knowledge of the materially false and misleading statements and material
6 omissions alleged herein and intended thereby to deceive Plaintiff and the other
7 members of the 10b-5 Class, or, in the alternative, these Defendants acted with
8 reckless disregard for the truth in that they failed or refused to ascertain and disclose
9 such facts as would reveal the materially false and misleading nature of the statements
10 made, although such facts were readily available to TuSimple and the Individual
11 Defendants. Said acts and omissions of these Defendants were committed willfully
12 or with reckless disregard for the truth. In addition, TuSimple and the Individual
13 Defendants each knew or recklessly disregarded that material facts were being
14 misrepresented or omitted as described above.

15 118. Information showing that TuSimple and the Individual Defendants acted
16 knowingly or with reckless disregard for the truth is peculiarly within these
17 Defendants' knowledge and control. As the senior managers and/or directors of
18 TuSimple, the Individual Defendants had knowledge of the details of TuSimple's
19 internal affairs. TuSimple and the Individual Defendants are liable both directly and
20 indirectly for the wrongs complained of herein. Because of their positions of control
21 and authority, the Individual Defendants were able to and did, directly or indirectly,
22 control the content of the statements of TuSimple. As officers and/or directors of a
23 publicly held company, the Individual Defendants had a duty to disseminate timely,
24 accurate, and truthful information with respect to TuSimple's businesses, operations,
25 future financial condition, and future prospects. As a result of the dissemination of
26 the aforementioned false and misleading reports, releases and public statements, the
27 market price of TuSimple's securities was artificially inflated throughout the Class
28 Period. In ignorance of the adverse facts concerning TuSimple's business and

1 financial condition which were concealed by Defendants, Plaintiff and the other
2 members of the 10b-5 Class purchased or otherwise acquired Company securities at
3 artificially inflated prices and relied upon the price of the securities, the integrity of
4 the market for the securities and/or upon statements disseminated by TuSimple and
5 the Individual Defendants, and were damaged thereby.

6 119. During the Class Period, TuSimple securities were traded on an active
7 and efficient market. Plaintiff and the other members of the 10b-5 Class, relying on
8 the materially false and misleading statements described herein, which TuSimple and
9 the Individual Defendants made, issued or caused to be disseminated, or relying upon
10 the integrity of the market, purchased or otherwise acquired shares of TuSimple
11 securities at prices artificially inflated by TuSimple and the Individual Defendants'
12 wrongful conduct. Had Plaintiff and the other members of the 10b-5 Class known the
13 truth, they would not have purchased or otherwise acquired said securities, or would
14 not have purchased or otherwise acquired them at the inflated prices that were paid.
15 At the time of the purchases and/or acquisitions by Plaintiff and the 10b-5 Class, the
16 true value of TuSimple securities was substantially lower than the prices paid by
17 Plaintiff and the other members of the 10b-5 Class. The market price of TuSimple
18 securities declined sharply upon public disclosure of the facts alleged herein to the
19 injury of Plaintiff and 10b-5 Class members.

20 120. By reason of the conduct alleged herein, TuSimple and the Individual
21 Defendants knowingly or recklessly, directly or indirectly, have violated Section
22 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

23 121. As a direct and proximate result of TuSimple and the Individual
24 Defendants' wrongful conduct, Plaintiff and the other members of the 10b-5 Class
25 suffered damages in connection with their respective purchases, acquisitions, and
26 sales of the Company's securities during the Class Period, upon the disclosure that
27 the Company had been disseminating misrepresented financial statements to the
28 investing public.

COUNT IV

(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)

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122. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

123. This Count is asserted against TuSimple and the Individual Defendants on behalf of the 10b-5 Class, and is based upon Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

124. During the Class Period, the Individual Defendants participated in the operation and management of TuSimple, and conducted and participated, directly and indirectly, in the conduct of TuSimple’s business affairs. Because of their senior positions, they knew the adverse non-public information about TuSimple’s misstatement of income and expenses and false financial statements.

125. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to TuSimple’s financial condition and results of operations, and to correct promptly any public statements issued by TuSimple which had become materially false or misleading.

126. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which TuSimple disseminated in the marketplace during the Class Period concerning TuSimple’s results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause TuSimple to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were “controlling persons” of TuSimple within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of TuSimple securities.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: August 31, 2022

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