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

CITY OF HALLANDALE BEACH
POLICE OFFICERS' AND
FIREFIGHTERS' PERSONNEL
RETIREMENT TRUST, on behalf of
itself and all others similarly situated,

Plaintiff,

v.

FIGS, INC., TULCO, LLC, THOMAS
TULL, HEATHER HASSON,
CATHERINE SPEAR, DANIELLA
TURENSHINE, J. MARTIN WILLHITE,
JEFFREY D. LAWRENCE, GOLDMAN
SACHS & CO. LLC, MORGAN
STANLEY & CO. LLC, BARCLAYS
CAPITAL INC., CREDIT SUISSE
SECURITIES (USA) LLC, BOFA
SECURITIES, INC., COWEN AND
COMPANY, LLC, GUGGENHEIM
SECURITIES, LLC, KEYBANC
CAPITAL MARKETS INC., PIPER
SANDLER & CO., OPPENHEIMER &
CO. INC., TELSEY ADVISORY
GROUP LLC, ACADEMY
SECURITIES, INC., SEELAUS & CO.,
LLC, SAMUEL A. RAMIREZ &
COMPANY, INC., AND SIEBERT
WILLIAMS SHANK & CO. LLC,

Defendants.

Case No. 2:22-cv-8912

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

CLASS ACTION

JURY TRIAL DEMANDED

1 Plaintiff City of Hallandale Beach Police Officers’ and Firefighters’ Personnel
2 Retirement Trust (“Plaintiff”), by and through its counsel, alleges the following upon
3 information and belief, except as to those allegations concerning Plaintiff, which are
4 alleged upon personal knowledge. Plaintiff’s information and belief is based upon,
5 *inter alia*, counsel’s investigation, which includes review and analysis of: (i) FIGS,
6 Inc.’s (“FIGS” or the “Company”) regulatory filings with the United States
7 Securities and Exchange Commission (the “SEC”); (ii) press releases and media
8 reports issued and disseminated by the Company; (iii) analyst and media reports
9 concerning FIGS; and (iv) other public information regarding the Company.

10 **I. INTRODUCTION**

11 1. Plaintiff brings this securities class action on behalf of all persons or
12 entities that purchased or otherwise acquired: (i) FIGS Class A common stock
13 between May 27, 2021, and May 12, 2022, inclusive (the “Class Period”); and/or (ii)
14 FIGS Class A common stock pursuant and/or traceable to the Company’s initial
15 public offering (the “IPO”) conducted on or around May 27, 2021; and/or (iii) FIGS
16 Class A common stock pursuant and/or traceable to the Company’s secondary public
17 offering (the “SPO”) conducted on or around September 16, 2021.

18 2. The claims asserted herein are alleged against FIGS, certain of the
19 Company’s senior officers, members of FIGS’ Board of Directors, a controlling
20 shareholder of the Company, and the underwriters of the IPO and SPO (collectively,
21 “Defendants”), and arise under Sections 11, 12(a)(2), and 15 of the Securities Act of
22 1933 (the “Securities Act”) and Sections 10(b) and 20(a) of the Securities Exchange
23 Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

24 3. Founded in 2013, FIGS is a direct-to-consumer healthcare apparel and
25 lifestyle brand that primarily sells its products in the United States through the
26 Company’s digital platforms. While FIGS is best known for its medical scrubs, it
27 also offers other healthcare apparel including lab coats, outerwear, activewear,
28 loungewear, compression socks, footwear, and masks.

1 4. On June 1, 2021, FIGS announced the closing of its IPO. Pursuant to
2 the IPO Offering Materials (as defined herein), Defendants issued to the public
3 30,344,317 shares of FIGS Class A common stock, including the full exercise of the
4 underwriters' option to purchase an additional 3,957,954 shares, at a price of \$22 per
5 share. Of those shares, FIGS sold 4,636,364 shares, and the remaining 25,707,953
6 shares were sold by Tulco, LLC ("Tulco"), the Company's largest stockholder.

7 5. All sales were issued pursuant to the IPO Offering Materials. However,
8 the IPO Offering Materials and documents incorporated by reference therein
9 contained untrue statements of material fact and omitted to state material facts that
10 were required by applicable law and necessary to make the statements therein not
11 misleading. In particular, the IPO Offering Materials stated that the Company's
12 Direct-to-Consumer ("DTC") strategy provides "valuable real-time customer data"
13 that "leads to operational efficiencies throughout our supply chain, inventory
14 management and new product development."

15 6. On September 14, 2021, FIGS issued a press release announcing the
16 SPO, through which Defendants Tulco, Heather Hasson ("Hasson"), and Catherine
17 Spear ("Spear") would offer for sale approximately 8.8 million shares of FIGS Class
18 A common stock.

19 7. On September 20, 2021, Defendants Tulco, Hasson, and Spear
20 completed the SPO. Pursuant to the SPO Offering Materials (as defined herein),
21 Defendants Tulco, Hasson, and Spear issued to the public 8,917,385 shares of FIGS
22 Class A common stock, including the full exercise of the underwriters' option to
23 purchase an additional 1,337,607 shares, at a price of \$40.25 per share.

24 8. All sales in the SPO were issued pursuant to the SPO Offering
25 Materials. However, the SPO Offering Materials and documents incorporated by
26 reference therein contained untrue statements of material fact and omitted to state
27 material facts that were required by applicable law and necessary to make the
28 statements therein not misleading. In particular, the SPO Offering Materials

1 reiterated that the Company’s access to significant customer data led to “operational
2 efficiencies throughout [its] supply chain [and] inventory management.” The SPO
3 Offering Materials also stated that the Company’s DTC strategy allowed FIGS to
4 leverage customer data “in all aspects of our business, including apparel design and
5 merchandising, customer acquisition and retention, demand forecasting and
6 inventory optimization.”

7 9. The truth began to be revealed on December 10, 2021, before the
8 market opened, when FIGS announced that its Chief Financial Officer (“CFO”)
9 Jeffrey D. Lawrence, would be resigning effective December 24, 2021, less than one
10 year after becoming CFO. In response to this news, the price of FIGS stock declined
11 by \$6.57 per share, or over 21%, from a closing price of \$31.22 per share on
12 December 9, 2021, to a closing price \$24.65 per share on December 10, 2021, on
13 unusually high trading volume.

14 10. Then, on May 12, 2022, after the market closed, FIGS announced
15 disappointing financial results and slashed its expected sales, gross margin, and
16 adjusted earnings before interest, taxes, depreciation, and amortization
17 (“EBITDA”). FIGS attributed the poor financial results to “inventory constraints”
18 which the Company stated were “the primary factor affecting our outlook for the full
19 year.” In response to this news, the price of FIGS stock declined by \$3.21 per share,
20 or nearly 25%, from a closing price of \$12.85 per share on May 12, 2022, to a closing
21 price of \$9.64 per share on May 13, 2022, on unusually high trading volume.

22 11. As a result of Defendants’ wrongful acts and omissions, and the
23 resulting decline in the market value of FIGS stock, Plaintiff and other Class
24 members have suffered significant losses and damages.

25 **II. JURISDICTION AND VENUE**

26 12. The claims asserted herein arise under Sections 11, 12(a)(2), and 15 of
27 the Securities Act, 15 U.S.C. §§ 77k, 771, and 77o, and Sections 10(b) and 20(a) of
28 the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated

1 thereunder by the SEC, 17 C.F.R. § 240.10b-5.

2 13. This Court has jurisdiction over the subject matter of this action
3 pursuant to 28 U.S.C. §§ 1331 and 1337, Section 22 of the Securities Act, 15 U.S.C.
4 § 77v, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

5 14. Venue is proper in this District pursuant to Section 22 of the Securities
6 Act, 15 U.S.C. § 77v, Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and
7 28 U.S.C. § 1391(b), because FIGS' principal executive office is located in Santa
8 Monica, California, which is situated in this District, and many of the acts giving
9 rise to the violations complained of in this action, including the preparation and
10 dissemination of materially false and misleading statements, occurred in substantial
11 part in this District.

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

16 **III. THE PARTIES**

17 **A. Plaintiff**

18 16. Plaintiff City of Hallandale Beach Police Officers' and Firefighters'
19 Personnel Retirement Trust is a pension system providing retirement benefits to
20 public employees of the City of Hallandale Beach, Florida. As indicated on the
21 Certification submitted herewith, Plaintiff purchased shares of FIGS stock during
22 the Class Period, and suffered damages as a result of the violations of the federal
23 securities laws alleged herein.

24 **B. Defendants**

25 17. Defendant FIGS is a Delaware corporation with its principal executive
26 offices located at 2834 Colorado Avenue, Suite 100, Santa Monica, California. FIGS
27 is a direct-to-consumer healthcare apparel and lifestyle brand which creates
28 technically advanced apparel and lifestyle brand which creates technically advanced

1 apparel and products for healthcare professions. The Company's products include
2 scrubwear, lab coats, underscrubs, outerwear, activewear, loungewear, compression
3 socks, footwear, and masks. FIGS' common stock trades on the New York Stock
4 Exchange ("NYSE") under ticker symbol "FIGS." As of September 30, 2022, FIGS
5 had over 159 million shares of Class A common stock outstanding, owned by at least
6 hundreds or thousands of investors.

7 18. Defendant Hasson has been FIGS' Co-Chief Executive Officer and a
8 director since 2013, and also Chairperson of the Board of Directors since at least
9 May 2021. Defendant Hasson co-founded the Company in 2013. Defendant Hasson
10 reviewed and signed both the IPO Registration Statement (defined herein) and the
11 SPO Registration Statement (defined herein).

12 19. Defendant Spear has been FIGS' Co-Chief Executive Officer and a
13 director since 2013. Defendant Spear co-founded the Company in 2013. Defendant
14 Spear reviewed and signed both the IPO Registration Statement and the SPO
15 Registration Statement.

16 20. Defendant Daniella Turenshine ("Turenshine") has been FIGS' CFO
17 since December 2021. Defendant Turenshine was also FIGS' Senior Vice President
18 of Finance and Strategy from November 2018 to December 2021.

19 21. Defendant Jeffrey D. Lawrence ("Lawrence") served as FIGS' CFO
20 from December 2020 to December 2021. Defendant Lawrence reviewed and signed
21 both the IPO Registration Statement and the SPO Registration Statement.

22 22. Defendants FIGS, Hasson, Spear, Turenshine, and Lawrence are
23 collectively referred to herein as the "Exchange Act Defendants." Defendants
24 Hasson, Spear, Turenshine, and Lawrence are collectively referred to herein as the
25 "Individual Exchange Act Defendants." The Individual Exchange Act Defendants,
26 because of their positions with FIGS, possessed the power and authority to control
27 the contents of FIGS' reports to the SEC, press releases, and presentations to
28 securities analysts, money and portfolio managers, and institutional investors. Each

1 of the Individual Exchange Act Defendants was provided with copies of the
2 Company's reports and press releases alleged herein to be misleading prior to, or
3 shortly after, their issuance and had the ability and opportunity to prevent their
4 issuance or cause them to be corrected. Because of their positions and access to
5 material non-public information, each of the Individual Exchange Act Defendants
6 knew that the adverse facts specified herein had not been disclosed to, and were
7 being concealed from, the public, and that the positive representations which were
8 being made were then materially false and/or misleading.

9 23. Defendant J. Martin Willhite ("Willhite") has been a FIGS director
10 since February 2019. Defendant Willhite has also been Tulco's Vice
11 Chairman since June 2017. Defendant Willhite reviewed both the IPO Registration
12 Statement and the SPO Registration Statement, and authorized Defendant Spear to
13 sign both on his behalf as attorney-in-fact.

14 24. Defendant Tulco is a venture capital investment firm founded and
15 controlled by Thomas Tull. Throughout the Class Period, Tulco controlled a
16 significant percentage of FIGS' voting interest through its ownership of FIGS
17 common stock. Given its substantial holding of FIGS' common stock, Tulco had the
18 power to control, and did control, FIGS during the Class Period. In addition, Tulco
19 maintains a representative on FIGS' Board of Directors through Defendant Willhite.

20 25. Defendant Thomas Tull ("Tull") is the Founder, Chairman and CEO of
21 Tulco and has the power and authority to control Tulco. Throughout the Class
22 Period, Tull controlled a significant percentage of FIGS' voting interest through his
23 personal ownership and Tulco's ownership of FIGS common stock. Given his and
24 Tulco's substantial holding of FIGS' common stock, Defendant Tull had the power
25 to control, and did control, FIGS during the Class Period.

26 26. Defendant Goldman Sachs & Co. LLC ("Goldman Sachs") served as
27 co-representative of the underwriters for both the IPO and SPO, and sold tens of
28 millions of FIGS shares in the IPO and SPO. As an underwriter of the IPO and SPO,

1 Goldman Sachs was responsible for ensuring the truthfulness and accuracy of the
2 various statements contained in or incorporated by reference into the IPO and SPO
3 Offering Materials.

4 27. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) served as
5 co-representative of the underwriters for both the IPO and SPO, and sold millions of
6 FIGS shares in the IPO and SPO. As an underwriter of the IPO and SPO, Morgan
7 Stanley was responsible for ensuring the truthfulness and accuracy of the various
8 statements contained in or incorporated by reference into the into the IPO and SPO
9 Offering Materials.

10 28. Defendant Barclays Capital Inc. (“Barclays”) served as an underwriter
11 for the IPO and SPO and sold millions of FIGS shares. As an underwriter of the IPO
12 and SPO, Barclays was responsible for ensuring the truthfulness and accuracy of the
13 various statements contained in or incorporated by reference into the into the IPO
14 and SPO Offering Materials.

15 29. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) served as an underwriter for the IPO and SPO and sold millions of FIGS shares. As
16 an underwriter of the IPO and SPO, Credit Suisse was responsible for ensuring the
17 truthfulness and accuracy of the various statements contained in or incorporated by
18 reference into the into the IPO and SPO Offering Materials.

19 30. Defendant BofA Securities, Inc. (“Bank of America”) served as an
20 underwriter for the IPO and SPO and sold millions of FIGS shares. As an
21 underwriter of the IPO and SPO, Bank of America was responsible for ensuring the
22 truthfulness and accuracy of the various statements contained in or incorporated by
23 reference into the into the IPO and SPO Offering Materials.

24 31. Defendant Cowen and Company, LLC (“Cowen”) served as an
25 underwriter for the IPO and SPO and sold hundreds of thousands of FIGS shares.
26 As an underwriter of the IPO and SPO, Cowen was responsible for ensuring the
27

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1 truthfulness and accuracy of the various statements contained in or incorporated by
2 reference into the into the IPO and SPO Offering Materials.

3 32. Defendant Guggenheim Securities, LLC (“Guggenheim”) served as an
4 underwriter for the IPO and SPO and sold hundreds of thousands of FIGS shares.
5 As an underwriter of the IPO and SPO, Guggenheim was responsible for ensuring
6 the truthfulness and accuracy of the various statements contained in or incorporated
7 by reference into the into the IPO and SPO Offering Materials.

8 33. Defendant KeyBanc Capital Markets Inc. (“KeyBanc”) served as an
9 underwriter for the IPO and SPO and sold hundreds of thousands of FIGS shares.
10 As an underwriter of the IPO and SPO, KeyBanc was responsible for ensuring the
11 truthfulness and accuracy of the various statements contained in or incorporated by
12 reference into the into the IPO and SPO Offering Materials.

13 34. Defendant Piper Sandler & Co. (“Piper Sandler”) served as an
14 underwriter for the IPO and SPO and sold hundreds of thousands of FIGS shares.
15 As an underwriter of the IPO and SPO, Piper Sandler was responsible for ensuring
16 the truthfulness and accuracy of the various statements contained in or incorporated
17 by reference into the into the IPO and SPO Offering Materials.

18 35. Defendant Oppenheimer & Co. Inc. (“Oppenheimer”) served as an
19 underwriter for the IPO and SPO and sold hundreds of thousands of FIGS shares.
20 As an underwriter of the IPO and SPO, Oppenheimer was responsible for ensuring
21 the truthfulness and accuracy of the various statements contained in or incorporated
22 by reference into the into the IPO and SPO Offering Materials.

23 36. Defendant Telsey Advisory Group LLC (“Telsey”) served as an
24 underwriter for the IPO and SPO and sold hundreds of thousands of FIGS shares.
25 As an underwriter of the IPO and SPO, Telsey was responsible for ensuring the
26 truthfulness and accuracy of the various statements contained in or incorporated by
27 reference into the into the IPO and SPO Offering Materials.

28

1 37. Defendant Academy Securities, Inc. (“Academy Securities”) served as
2 an underwriter for the IPO and SPO and sold tens of thousands of FIGS shares. As
3 an underwriter of the IPO and SPO, Academy Securities was responsible for
4 ensuring the truthfulness and accuracy of the various statements contained in or
5 incorporated by reference into the into the IPO and SPO Offering Materials.

6 38. Defendant R. Seelaus & Co., LLC (“Seelaus”) served as an underwriter
7 for the IPO and SPO and sold tens of thousands of FIGS shares. As an underwriter
8 of the IPO and SPO, Seelaus was responsible for ensuring the truthfulness and
9 accuracy of the various statements contained in or incorporated by reference into the
10 into the IPO and SPO Offering Materials.

11 39. Defendant Samuel A. Ramirez & Company, Inc. (“Ramirez”) served as
12 an underwriter for the IPO and SPO and sold tens of thousands of FIGS shares. As
13 an underwriter of the IPO and SPO, Ramirez was responsible for ensuring the
14 truthfulness and accuracy of the various statements contained in or incorporated by
15 reference into the into the IPO and SPO Offering Materials.

16 40. Defendant Siebert Williams Shank & Co., LLC (“Siebert Williams
17 Shank”) served as an underwriter for the IPO and SPO and sold tens of thousands of
18 FIGS shares. As an underwriter of the IPO and SPO, Siebert Williams Shank was
19 responsible for ensuring the truthfulness and accuracy of the various statements
20 contained in or incorporated by reference into the into the IPO and SPO Offering
21 Materials.

22 41. Defendants Goldman Sachs, Morgan Stanley, Barclays, Credit Suisse,
23 Bank of America, Cowen, Guggenheim, KeyBanc, Piper Sandler, Oppenheimer,
24 Telsey, Academy Securities, Seelaus, Ramirez, and Siebert Williams Shank are
25 collectively referred to herein as the “Underwriter Defendants.”

26 42. Defendants FIGS, Tull, Tulco, Hasson, Spear, Willhite, Lawrence and
27 the Underwriter Defendants are collectively referred to herein as the “Securities Act
28 Defendants.” Defendants Hasson, Spear, Willhite, and Lawrence are collectively

1 referred to herein as the “Individual Securities Act Defendants.” Each of the
2 Individual Securities Act Defendants signed both the IPO Registration Statement
3 and the SPO Registration Statement.

4 **IV. MATERIALLY FALSE AND MISLEADING STATEMENTS**

5 43. On or around May 27, 2021, FIGS conducted the IPO pursuant to a
6 registration statement that the Company filed with the SEC on Form S-1 on May 5,
7 2021, and which, after two amendments, was declared effective by the SEC on May
8 26, 2021 (the “IPO Registration Statement”). On May 28, 2021, FIGS filed a
9 prospectus for the IPO with the SEC on Form 424B4 (the “IPO Prospectus”), which
10 formed part of the IPO Registration Statement (collectively, the “IPO Offering
11 Materials”). The IPO Registration Statement was signed by the Individual Securities
12 Act Defendants. By means of the IPO Offering Materials, FIGS offered 4,636,364
13 shares of Class A common stock and Defendant Tulco offered an additional
14 21,749,999 shares of Class A common stock for \$22 per share.

15 44. On June 1, 2021, the Company completed the IPO, through which, upon
16 the underwriters’ decision to exercise their option to purchase additional shares,
17 FIGS sold a total of 4,636,364 shares, resulting in proceeds of \$95,880,008, and
18 Defendant Tulco sold a total of 21,749,999 shares, resulting in proceeds of
19 \$449,789,979.

20 45. The IPO Offering Materials contained untrue statements of material
21 fact, omitted material facts necessary to make the statements contained therein not
22 misleading, and failed to make adequate disclosures required under the rules and
23 regulations governing the preparation of such documents.

24 46. The IPO Offering Materials claimed that the Company had real-time
25 customer data that allowed it to “reliably predict buying patterns,” which in turn
26 would lead to “operational efficiencies throughout our supply chain.” In particular,
27 the IPO Offering Materials stated:
28

1 Our DTC strategy also gives us **access to valuable real-time customer**
2 **data that allows us to better acquire and retain customer and**
3 **reliably predict buying patterns. This leads to operational**
4 **efficiencies throughout our supply chain, inventory management**
5 **and new product development.**

6 * * *

7 **We capture demographic, geographic and psychographic data that**
8 **enables us to reliably predict buying patterns, leading to**
9 **operational efficiencies throughout our supply chain, inventory**
10 **management and new product development.**

11 * * *

12 Data is an essential and embedded capability throughout our
13 organization. We have centralized Data Science and Data Engineering
14 teams and decentralized Data Analysts working directly within each
15 key functional area. **This approach enables the harvesting and**
16 **management of extensive data, the development of a suite of**
17 **proprietary tools, and the direct and rapid application of data**
18 **science in core operating activities and decision-making processes**
19 **throughout the company.**

20 The scale of our data is vast and growing. A rich set of hundreds of
21 data attributes is associated with millions of customers; the customer
22 data set is a blend of first-party, deterministic and observed behaviors
23 along with a complementary, expanded set of enriched elements
24 derived from data science. In addition, we have established a unique
25 approach to capturing and tracking precise and granular data from all
26 stages of the order journey. **These extensive data sets are used to**
27 **build proprietary data science solutions applied to key functions**
28 **across the company, including product, supply chain,**
merchandising and inventory management, marketing and
customer experience.

47. The bolded statements in ¶46 were materially false and misleading. Specifically, these statements were materially false and misleading because: (i) FIGS misstated the Company's true ability to successfully secure repeat customers; (ii) failed to disclose that the Company was making choices independent of, and directly

1 at odds with, its purported data-driven inventory approach; and (iii) that, as a result
2 of the foregoing, Defendants' statements about the Company's business, operations,
3 and prospects were materially misleading and/or lacked a reasonable basis.

4 48. FIGS' co-founders had little to no experience running a public
5 company. As a result, the Company hired Defendant Lawrence to serve as CFO on
6 December 31, 2020, just six months before the IPO.

7 49. Defendant Lawrence was the only employee identified in the IPO
8 Offering Materials other than co-founders and Co-Chief Executive Officers,
9 Defendants Hasson and Spear. The IPO Offering Materials also identify as a key
10 risk the loss of members of the senior management team. In particular, the IPO
11 Offering Materials stated:

12 **We [] heavily rely on the continued service and performance of**
13 **other members of our senior management team, who provide**
14 **leadership, contribute to the core areas of our business and help us**
15 **to efficiently execute our business.** If the senior management team,
16 including any new hires we make, fails to work together effectively and
to execute our plans and strategies on a timely basis, our business and
future growth prospects could be harmed.

17 50. The bolded statement in ¶49 was materially false and misleading.
18 Specifically, this statement was materially false and misleading because: (i) FIGS
19 failed to disclose that the Company was making choices independent of, and directly
20 at odds with, its purported data-driven inventory approach; and (ii) that, as a result
21 of the foregoing, Defendants' statements about the Company's business, operations,
22 and prospects were materially misleading and/or lacked a reasonable basis.

23 51. On September 14, 2021, FIGS issued a press release announcing that it
24 would conduct a secondary offering through which Defendants Tulco, Hasson, and
25 Spear would sell approximately 8.8 million shares of FIGS' Class A common stock
26 into the market. The sales were possible because these Defendants were released
27 early from their lock-up agreements due to the price of the Company's stock.
28

1 and do not have direct touchpoints with the end customer, we directly
2 engage with and serve medical professionals through our digital
3 platform. By owning all aspects of the customer experience, including
4 website and app design, marketing content, storytelling and post-
5 purchase customer engagement, we deliver an elevated, personalized
6 and seamless experience. **Our DTC strategy also gives us access to
7 valuable real-time customer data that we leverage in all aspects of
8 our business, including apparel design and merchandising,
9 customer acquisition and retention, demand forecasting and
10 inventory optimization.** We are able to use data to tailor the digital
11 experience to healthcare professionals based on a number of factors,
12 including whether the individual has purchased from us before, which
13 products they have purchased, what size they wear, which colors they
14 prefer and what type of healthcare professionals they are. **We capture
15 demographic, geographic, and psychographic data that enables us
16 to reliably predict buying patterns, leading to operational
17 efficiencies throughout our supply chain, inventory management
18 and new product development.**

14 58. The bolded statements in ¶57 were materially false and misleading.
15 Specifically, these statements were materially false and misleading because: (i) FIGS
16 misstated the Company's true ability to successfully secure repeat customers; (ii)
17 failed to disclose that the Company was making choices independent of, and directly
18 at odds with, its purported data-driven inventory approach; and (iii) that, as a result
19 of the foregoing, Defendants' statements about the Company's business, operations,
20 and prospects were materially misleading and/or lacked a reasonable basis.

21 59. Defendant Lawrence was the only employee identified in the SPO
22 Offering Materials other than co-founders and Co-Chief Executive Officers,
23 Defendants Hasson and Spear. The SPO Offering Materials also identified as a key
24 risk the loss of members of the senior management team. In particular, the SPO
25 Offering Materials stated:

26 **We [] heavily rely on the continued service and performance of**
27 **other members of our senior management team, who provide**
28 **leadership, contribute to the core areas of our business and help us**
to efficiently execute our business. If the senior management team,

1 including any new hires we make, fails to work together effectively and
2 to execute our plans and strategies on a timely basis, our business and
3 future growth prospects could be harmed.

4 60. The bolded statement in ¶59 was materially false and misleading.
5 Specifically, this statement was materially false and misleading because: (i) FIGS
6 failed to disclose that the Company was making choices independent of, and directly
7 at odds with, its purported data-driven inventory approach; and (ii) that, as a result
8 of the foregoing, Defendants' statements about the Company's business, operations,
9 and prospects were materially misleading and/or lacked a reasonable basis.

10 61. On November 10, 2021, FIGS filed its third quarter 2021 financial
11 results with the SEC on Form 10-Q. That same day, FIGS participated in an earnings
12 conference call with analysts and investors. On that call, Defendant Spear stated
13 that FIGS would always "**have a steady supply of products that health care
14 professionals come back all year round to replenish.**"

15 62. In response to a question of how the Company was planning to address
16 any holiday season inventory issues, Defendant Spear stated:

17 [W]e're a uniform company, which means that our customers need our
18 products in order to do their jobs, so demand is predictable. We have a
19 nonseasonal business and we have a replenishment-driven business.
20 **This gives us an incredible amount of visibility into the products we
21 need to make when we need to make them and the quantities in
22 which to make them in.**

23 * * *

24 [W]e're a direct-to-consumer company. Because of that, **we're able to
25 forecast even more accurately and farther in advance** because we
26 have a direct relationship with our 1.7 million customers. And **we have
27 all this data that helps us to know what product they need and when
28 they need it. This allows us to provide 12- to 18-month rolling
forecasts to our suppliers**, and it also means we could adjust our
calendar and our launch schedule, if there is any delay.

1 63. On March 8, 2022, FIGS issued a press release announcing its fourth
2 quarter and full year 2021 financial results. The same day, FIGS participated in an
3 earnings conference call with analysts and investors. On that call, Defendants Spear,
4 Hasson, and Turenshine praised FIGS' performance.

5 64. Specifically, Defendant Spear stated that, among other things, the
6 success of FIGS was due to its **“unique business model [which] has several key
7 differentiators that enabled us to better withstand the macro supply chain
8 challenges.”**

9 65. In addition, Defendant Turenshine touted FIGS' 2022 financial outlook.
10 Defendant Turenshine claimed that FIGS' **“strategic roadmap” included expected
11 revenues of approximately \$550 million to \$560 million, and an adjusted
12 EBITDA margin of over 20%, and a gross margin of over 70%.**

13 66. The bolded statements in ¶¶61-62, 64-65 were materially false and
14 misleading. Specifically, these statements were materially false and misleading
15 because: (i) Defendants inflated the Company's true ability to successfully secure
16 repeat customers; (ii) failed to disclose that the Company was making choices
17 independent of, and directly at odds with, its purported data-driven inventory
18 approach; (iii) inflated the expected net revenues, gross margin, and adjusted
19 EBITDA margin for 2022; and (iv) that, as a result of the foregoing, the Company's
20 and the Individual Defendants' statements about the Company's business,
21 operations, and prospects were materially misleading and/or lacked a reasonable
22 basis.

23 **VI. THE TRUTH EMERGES**

24 67. On December 10, 2021, before markets opened, FIGS issued a press
25 release announcing that Defendant Lawrence would be retiring effective December
26 24, 2021, after serving as CFO for less than one year.

1 68. On this news, the price of FIGS stock declined by over 21% from a
2 closing price of \$31.22 per share on December 9, 2021, to a closing price \$24.65 per
3 share on December 10, 2021.

4 69. While industry analysts noted that such a transition was likely part of a
5 long-term plan, an analyst at Piper Sandler noted it happened “*much sooner* than
6 anticipated.” Similarly, an analyst at Barclays expressed surprised and commented
7 that losing Defendant Lawrence would “likely be viewed as a negative this soon
8 after the IPO,” while an analyst at Cowen and Company explained his departure
9 “raise[d] uncertainty into next year.”

10 70. Then, on May 12, 2022, FIGS issued a press release announcing its first
11 quarter 2022 financial results as well as an update to the full year outlook for 2022.
12 Not only did the Company report that expected 2022 revenues dropped to a range of
13 \$510 million to \$530 million compared to the previous outlook of \$550 million to
14 \$560 million, expected gross margin decreased to a range of 67% to 68% compared
15 to the previous outlook of 70%+ as well as a drop in its adjusted gross EBITDA
16 margin to a range of 16% to 18%, in comparison to the Company’s prior guidance
17 of original 20%+. FIGS claimed that “inventory constraints are the primary factor
18 affecting our outlook for the full year.”

19 71. FIGS stated that the “primary factor affecting our outlook for the full
20 year” was inventory constraints, which in turn constrained sales.

21 72. On this news, shares of FIGS stock declined by nearly 25% from a close
22 of \$12.85 per share on May 12, 2022, to \$9.64 per share on May 13, 2022.

23 **VII. LOSS CAUSATION**

24 73. During the Class Period, as detailed herein, Defendants made
25 materially false and misleading statements and omissions, and engaged in a scheme
26 to deceive the market. These misleading statements and omissions artificially
27 inflated the price of FIGS stock and operated as a fraud or deceit on the Class (as
28 defined below). Later, when Defendants’ prior misrepresentations and fraudulent

1 conduct were disclosed to the market, including on December 10, 2021, and May
2 12, 2022, FIGS stock price fell significantly. As a result of their purchases of FIGS
3 stock during the Class Period, Plaintiff and other members of the Class suffered
4 economic loss, *i.e.*, damages, under the federal securities laws.

5 **VIII. CLASS ACTION ALLEGATIONS**

6 74. Plaintiff brings this action as a class action pursuant to Rule 23 of the
7 Federal Rules of Civil Procedure on behalf of all persons who purchased FIGS Class
8 A common stock during the Class Period (the “Class”). Excluded from the Class are
9 Defendants and their families, directors, and officers of FIGS and their families and
10 affiliates.

11 75. The members of the Class are so numerous that joinder of all members
12 is impracticable. The disposition of their claims in a class action will provide
13 substantial benefits to the parties and the Court. As of September 30, 2022, FIGS
14 had over 159 million shares of Class A common stock outstanding, owned by at least
15 hundreds or thousands of investors.

16 76. There is a well-defined community of interest in the questions of law
17 and fact involved in this case. Questions of law and fact common to the members
18 of the Class, which predominate over questions which may affect individual Class
19 members, include:

20 (a) Whether Defendants violated the Securities Act and/or the
21 Exchange Act;

22 (b) Whether the IPO Offering Materials and SPO Offering Materials
23 were negligently prepared and contained inaccurate statements of material fact and
24 omitted material information required to be stated therein.

25 (c) Whether Defendants’ statements and/or actions omitted and/or
26 misrepresented material facts;

27 (d) Whether Defendants’ statements and/or actions omitted material
28 facts necessary in order to make the statements made, in light of the circumstances

1 under which they were made, not misleading;

2 (e) Whether Defendants knew or recklessly disregarded that their
3 statements, actions, and/or omissions were false and misleading;

4 (f) Whether Defendants' misconduct impacted the price of FIGS
5 common stock;

6 (g) Whether Defendants' conduct caused the members of the Class
7 to sustain damages; and

8 (h) The extent of damages sustained by Class members and the
9 appropriate measure of damages.

10 77. Plaintiff's claims are typical of those of the Class because Plaintiff and
11 the Class sustained damages from Defendants' wrongful conduct.

12 78. Plaintiff will adequately protect the interests of the Class and has
13 retained counsel experienced in class action securities litigation. Plaintiff has no
14 interests which conflict with those of the Class.

15 79. A class action is superior to other available methods for the fair and
16 efficient adjudication of this controversy.

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

18 80. FIGS' "Safe Harbor" warnings accompanying its forward-looking
19 statements issued during the Class Period were ineffective to shield those statements
20 from liability.

21 81. The Company and the Individual Defendants are also liable for any
22 false or misleading forward-looking statements pleaded herein because, at the time
23 each such statement was made, the speaker knew the statement was false or
24 misleading and the statement was authorized and/or approved by an executive officer
25 of FIGS who knew that the statement was false. None of the historic or present-
26 tense statements made by Defendants were assumptions underlying or relating to
27 any plan, projection, or statement of future economic performance, as they were not
28 stated to be such assumptions underlying or relating to any projection or statement

1 of future economic performance when made, nor were any of the projections or
2 forecasts made by Defendants expressly related to, or stated to be dependent on,
3 those historic or present-tense statements when made.

4 **X. PRESUMPTION OF RELIANCE**

5 82. At all relevant times, the market for FIGS stock was an efficient market
6 for, among others, the following reasons:

7 (a) FIGS stock met the requirements for listing, and was listed and
8 actively traded on the NYSE, a highly efficient and automated market;

9 (b) As a regulated issuer, FIGS filed periodic public reports with the
10 SEC and the NYSE;

11 (c) FIGS regularly and publicly communicated with investors via
12 established market communication mechanisms, including through regular
13 disseminations of press releases on the national circuits of major newswire services
14 and through other wide-ranging public disclosures, such as communications with the
15 financial press and other similar reporting services; and

16 (d) FIGS was followed by several securities analysts employed by
17 major brokerage firm(s) who wrote reports which were distributed to the sales force
18 and certain customers of their respective brokerage firm(s). Each of these reports
19 was publicly available and entered the public marketplace.

20 83. As a result of the foregoing, the market for FIGS stock promptly
21 digested current information regarding FIGS from all publicly available sources and
22 reflected such information in the price of FIGS stock. Under these circumstances,
23 all purchasers of FIGS stock during the Class Period suffered similar injury through
24 their purchase of FIGS stock at artificially inflated prices and the presumption of
25 reliance applies.

26 84. A Class-wide presumption of reliance is also appropriate in this action
27 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*,
28 406 U.S. 128 (1972), because the Class's claims are grounded on Defendants'

1 material misstatements. Because this action involves Defendants' misrepresenting
2 material information regarding FIGS' purported data-driven inventory approach,
3 positive proof of reliance is not a prerequisite to recovery. All that is necessary is
4 that the misstatements be material in the sense that a reasonable investor might have
5 considered them important in making investment decisions. Given the importance
6 of the Company's inventory management to investors, as set forth above, that
7 requirement is satisfied here.

8 **XI. CLAIMS FOR RELIEF**

9 **COUNT I**

10 **For Violations of Section 10(b) of the Exchange Act**
11 **and SEC Rule 10b-5 Promulgated Thereunder**
12 **(Against the Exchange Act Defendants)**

13 85. Plaintiff repeats and realleges each and every allegation contained
14 above as if fully set forth herein.

15 86. During the Class Period, the Exchange Act Defendants carried out a
16 plan, scheme, and course of conduct which intended to and, through the Class
17 Period, did: (i) deceive the investing public, including Plaintiff and other Class
18 members, as alleged herein; and (ii) cause Plaintiff and other members of the Class
19 to purchase FIGS common stock at artificially inflated prices.

20 87. The Exchange Act Defendants: (i) employed devices, schemes, and
21 artifices to defraud; (ii) made untrue statements of material fact and/or omitted to
22 state material facts necessary to make the statements not misleading; and (iii)
23 engaged in acts, practices, and a course of business which operated as a fraud and
24 deceit upon the purchasers of the Company's stock in violation of Section 10(b) of
25 the Exchange Act and Rule 10b-5 promulgated thereunder.

26 88. The Exchange Act Defendants, individually and in concert, directly and
27 indirectly, by the use, means or instrumentalities of interstate commerce and/or of
28 the U.S. mails, engaged and participated in a continuous course of conduct to conceal

1 adverse material information about the Company's financial well-being, operations,
2 and prospects.

3 89. During the Class Period, the Exchange Act Defendants made the false
4 statements specified above, which they knew or recklessly disregarded to be false or
5 misleading in that they contained misrepresentations and failed to disclose material
6 facts necessary in order to make the statements made, in light of the circumstances
7 under which they were made, not misleading.

8 90. The Exchange Act Defendants had actual knowledge of the
9 misrepresentations and omissions of material facts set forth herein, or recklessly
10 disregarded the true facts that were available to them. The Exchange Act Defendants
11 engaged in this misconduct to conceal FIGS' true condition from the investing public
12 and to support the artificially inflated prices of the Company's stock.

13 91. Plaintiff and the Class have suffered damages in that, in reliance on the
14 integrity of the market, they purchased FIGS stock at artificially inflated prices and
15 were harmed when the truth about FIGS negatively impacted the price of the
16 Company's stock. Plaintiff and the Class would not have purchased FIGS stock at
17 the prices they paid, or at all, had they been aware that the market prices for FIGS
18 common stock had been artificially inflated by the Exchange Act Defendants'
19 fraudulent course of conduct.

20 92. As a direct and proximate result of the Exchange Act Defendants'
21 wrongful conduct, Plaintiff and the other members of the Class suffered damages in
22 connection with their respective purchases of the Company's stock during the Class
23 Period.

24 93. By virtue of the foregoing, the Exchange Act Defendants violated
25 Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.
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1 **COUNT II**

2 **For Violations of Section 20(a) of the Exchange Act**
3 **(Against the Individual Exchange Act Defendants, Tull, and Tulco)**

4 94. Plaintiff repeats and realleges each and every allegation contained
5 above as if fully set forth herein.

6 95. The Individual Exchange Act Defendants acted as controlling persons
7 of FIGS within the meaning of Section 20(a) of the Exchange Act. By virtue of their
8 high-level positions, participation in and awareness of the Company's operations,
9 direct involvement in the day-to-day operations of the Company, and intimate
10 knowledge of the Company's actual performance, and their power to control public
11 statements about FIGS, the Individual Exchange Act Defendants had the power and
12 ability to control the actions of FIGS and its employees. By reason of this conduct,
13 the Individual Exchange Act Defendants are liable under Section 20(a) of the
14 Exchange Act.

15 96. Defendants Tull and Tulco acted as controlling persons of FIGS within
16 the meaning of Section 20(a) of the Exchange Act. By reason of their voting power,
17 ownership, rights as against FIGS, and/or specific acts, Tull and Tulco had the power
18 to control FIGS' operations and its decision-making processes. In addition, Tull and
19 Tulco's representative Defendant Willhite served on FIGS' Board of Directors. By
20 reason of such control, Tull and Tulco are liable under Section 20(a) of the Exchange
21 Act.

22 **COUNT III**

23 **For Violations of Section 11 of the Securities Act**
24 **(Against the Securities Act Defendants)**

25 97. Plaintiff repeats, incorporates, and realleges each and every allegation
26 set forth above as if fully set forth herein.

27 98. This Count is brought pursuant to Section 11 of the Securities Act, 15
28 U.S.C. § 77k, on behalf of all members of the Class who purchased or otherwise

1 acquired FIGS Class A common stock in and/or traceable to the IPO and/or SPO and
2 who were damaged thereby.

3 99. The IPO Offering Materials and the SPO Offering Materials contained
4 untrue statements of material facts, omitted to state other facts necessary to make the
5 statements not misleading, and omitted to state material facts required to be stated
6 therein.

7 100. The Securities Act Defendants are strictly liable to plaintiff and
8 members of the Class for the misstatements and omissions in the IPO Offering
9 Materials and the SPO Offering Materials.

10 101. None of the Defendants named herein made a reasonable investigation
11 or possessed reasonable grounds for the belief that the statements contained in the
12 IPO Offering Materials and the SPO Offering Materials were true and without
13 omissions of any material facts and were not misleading.

14 102. By reason of the conduct alleged herein, each Securities Act Defendant
15 violated or controlled a person who violated Section 11 of the Securities Act.

16 103. The value of FIGS common stock has declined substantially as a result
17 of Defendants' violations, causing damage to those members of the Class that
18 purchased or otherwise acquired FIGS common stock in and/or traceable to the IPO
19 and/or SPO.

20 104. At the time of their purchases of FIGS common stock, Plaintiff and
21 other members of the Class were without knowledge of the facts concerning the
22 wrongful conduct alleged herein and could not have reasonably discovered those
23 facts prior to the disclosures herein. Less than one year has elapsed from the time
24 that Plaintiff discovered or reasonably could have discovered the facts upon which
25 this Complaint is based to the time that Plaintiff commenced this action. Less than
26 three years has elapsed between the time that the securities upon which this Count
27 is brought were offered to the public through the IPO and the SPO and the time
28 Plaintiff commenced this action.

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COUNT IV

**For Violations of Section 12(a)(2) of the Securities Act
(Against the Underwriter Defendants)**

105. Plaintiff repeats, incorporates, and realleges each and every allegation set forth above as if fully set forth herein.

106. This Count is brought pursuant to Section 12(a)(2) of the Securities Act, 15 U.S.C. § 771(a)(2), on behalf of all members of the Class who purchased or otherwise acquired FIGS Class A common stock in and/or traceable to the IPO and/or SPO and who were damaged thereby.

107. This Count expressly excludes and disclaims any allegation that could be construed as alleging fraud or intentional or reckless conduct, as this Count is solely based on claims of strict liability and/or negligence under the Securities Act. For purposes of asserting this Count, Plaintiff does not allege that the Underwriter Defendants acted with scienter or fraudulent intent, which are not elements of a Section 12(a)(2) claim.

108. The Underwriter Defendants were statutory sellers of FIGS shares that were registered in the IPO pursuant to the IPO Registration Statement and the SPO pursuant to the SPO Registration Statement and sold by means of the IPO Offering Materials and SPO Offering Materials. By means of the IPO Offering Materials and SPO Offering Materials, the Underwriter Defendants sold millions of FIGS shares through the IPO and SPO to members of the Class. The Underwriter Defendants were at all relevant times motivated by their own financial interests. In sum, the Underwriter Defendants were sellers, offerors, and/or solicitors of sales of the stock that was sold in the IPO and SPO by means of the materially false and misleading IPO Offering Materials and SPO Offering Materials.

109. The Offering Materials contained untrue statements of material fact and omitted other facts necessary to make the statements not misleading, and failed to disclose material facts, as set forth above.

1 110. Less than one year has elapsed since the time that Plaintiff discovered,
2 or could reasonably have discovered, the facts upon which this Complaint is based.
3 Less than three years has elapsed since the time that the securities at issue in this
4 Complaint were bona fide offered to the public.

5 111. By the reason of the foregoing, the Underwriter Defendants are liable
6 for violations of Section 12(a)(2) of the Securities Act to Plaintiff and the other
7 members of the Class who purchased FIGS common shares in and/or traceable to
8 the IPO and/or SPO, and who were damaged thereby.

9 **COUNT V**

10 **For Violations of Section 15 of the Securities Act**
11 **(Against the Individual Securities Act Defendants, Tull, and Tulco)**

12 112. Plaintiff repeats, incorporates, and realleges each and every allegation
13 set forth above as if fully set forth herein.

14 113. This Count is brought pursuant to Section 15 of the Securities Act, 15
15 U.S.C. § 77o, on behalf of all members of the Class who purchased or otherwise
16 acquired FIGS Class A common stock in and/or traceable to the IPO and/or SPO and
17 who were damaged thereby.

18 114. The Individual Securities Act Defendants were controlling persons of
19 FIGS by virtue of their positions as directors and/or senior officers of FIGS. The
20 Individual Securities Act Defendants each had a series of direct and indirect business
21 and personal relationships with other directors and officers and major stockholders
22 of FIGS.

23 115. The Individual Securities Act Defendants' positions made them privy
24 to and provided them with actual knowledge of the material facts concealed from
25 Plaintiff and the Class.

26 116. Defendants Tull and Tulco acted as controlling persons of FIGS within
27 the meaning of Section 15 of the Securities Act. By reason of their voting power,
28 ownership, rights as against FIGS, and/or specific acts, Tull and Tulco had the power

1 to control FIGS' operations and its decision-making processes. In addition, Tull and
2 Tulco's representative Defendant Willhite served on FIGS' Board of Directors. By
3 reason of such control, Tull and Tulco are liable under Section 15 of the Securities
4 Act.

5 117. By virtue of the conduct alleged herein, the Individual Securities Act
6 Defendants and Defendants Tull and Tulco are liable for the above-stated wrongful
7 conduct and are liable to Plaintiff and the Class for damages suffered.

8 **XII. PRAYER FOR RELIEF**

9 WHEREFORE, Plaintiff prays for judgment as follows:

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

12 B. Awarding compensation to Plaintiff and other Class members against
13 all Defendants, jointly and severally, for all damages sustained as a result of
14 Defendants' wrongdoing, in an amount to be proven at trial, including interest
15 thereon;

16 C. Awarding Plaintiff and the Class their reasonable costs and expenses
17 incurred in this action, including attorneys' fees and expert fees; and

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

20 **XIII. JURY DEMAND**

21 Plaintiff demands a trial by jury.

22 Dated: December 8, 2022
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