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by Superior Court of California, County of San Mateo

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9/13/2019

By

/s/ Anthony Berini

Deputy Clerk

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7 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

8 **COUNTY OF SAN MATEO**

9 TURTON, INC., Individually and on Behalf of All
Others Similarly Situated,

10 Plaintiff,

11 vs.

12 SLACK TECHNOLOGIES, INC., STEWART
13 BUTTERFIELD, ALLEN SHIM, BRANDON
14 ZELL, ANDREW BRACCIA, EDITH COOPER,
15 SARAH FRIAR, JOHN O'FARRELL,
16 CHAMATH PALIHAPITIYA, GRAHAM
SMITH, ACCEL, ANDREESSEN HOROWITZ,
and SOCIAL CAPITAL,

17 Defendants.

Case No. 19-CIV-05411

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE SECURITIES ACT
OF 1933**

JURY TRIAL DEMANDED

1 Plaintiff Turton, Inc. ("Plaintiff" or "Turton"), individually and on behalf of all others similarly
2 situated, by Plaintiff's undersigned attorneys, allege the following based upon personal knowledge, as to
3 Plaintiff and Plaintiff's own acts, and upon information and belief, as to other matters, based on the
4 investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of
5 U.S. Securities and Exchange Commission ("SEC") filings, analyst and media reports, and other commentary
6 analysis. Plaintiff's investigation into the matters alleged herein is continuing and many relevant facts are
7 known only to, or are exclusively within the custody and control of, the Defendants (defined below). Plaintiff
8 believes that substantial additional evidentiary support will exist for the allegations set forth herein after a
9 reasonable opportunity for formal discovery.

10 **SUMMARY OF THE ACTION**

11 1. Plaintiff brings this action under §§11, 12(a)(2), and 15 of the Securities Act of 1933 (the
12 "Securities Act") against: (1) Slack Technologies, Inc. ("Slack" or the "Company"); (2) certain venture capital
13 funds that controlled Slack and certain Slack directors; and (3) certain of the Company's senior executives and
14 directors who signed the Registration Statement, effective as of June 7, 2019, in connection with the
15 Company's direct public offering (the "Offering"). Plaintiff alleges that the Registration Statement and
16 Prospectus (filed with the SEC on June 20, 2019) (collectively, "Offering Documents"), contained materially
17 incorrect or misleading statements and/or omitted material information that was required by law to be
18 disclosed.

19 2. Slack offers workplace collaboration software that brings together people, applications, and
20 data, "often [] replac[ing] the use of email inside the organization." Selling its technology platform under a
21 software-as-a-service model, Slack utilizes "team-based" channels to maintain a record of conversations, data,
22 documents, and application workflows relevant to a project or a specific topic, while also integrating with
23 thousands of third-party applications to ensure critical business information flows, is acted upon, and
24 transformed and is then quickly routed to its desired destination. According to the Company's public filings,
25 as of January 31, 2019, Slack had more than 600,000 organizations with three or more users comprised of: (i)
26 more than 88,000 paid customers, including more than 65 companies in the Fortune 100; and (ii) more than
27 500,000 organizations on its free subscription plan.

1 3. Slack generates revenue, however, primarily from the sale of subscriptions for its paid product.
2 Paid customers typically pay on a monthly or annual basis, based on the number of users that they have on
3 the system.

4 4. On June 20, 2019, the Company completed a direct listing of its Class A stock on the New
5 York Stock Exchange (“NYSE”), registering for resale up to 118,429,640 shares for the public market’s
6 consumption – the first of which was priced at \$38.50 per share (“Offering Price”).

7 5. According to the Registration Statement, the Company’s “[d]ifferentiated go-to-market
8 strategy” set it apart from others in the space. Specifically, Slack repeatedly touted the benefits, current and
9 future, of its “go-to-market” approach, which consisted of a combination of a highly effective self-service
10 customer engagement model that had previously concentrated on word-of-mouth adoption, and a direct sales
11 force with customer success professionals focused on driving successful adoption and expansion within larger
12 organizations with a greater number of users and teams that had the potential to *increase spend* over time.

13 6. Slack’s augmented “go-to-market” strategy was a key selling point to Offering investors and
14 was among the few features of the Company profiled at the time of the Offering. For example, in an article
15 published on *Forbes*, entitled “The Secret Behind Slack’s Runaway Success,” the adoption of Slack’s “robust
16 sales force” was credited as being “essential” to break into the major leagues of enterprise software.

17 7. In addition, the Offering Documents claimed that Slack would: (i) continue to expand its
18 marketing and sales efforts to reach more users and organizations and to increase the number of paid
19 customers; (ii) continue to grow use and users within organizations by increasing investments in the
20 Company’s direct sales force, customer success, and customer experience teams, along with new user
21 education initiatives; (iii) compete favorably with incumbent collaboration and communication tools and
22 products from established vendors, as well as smaller companies that offer niche products that attempt to
23 address certain problems that Slack addresses; and (iv) otherwise continue to invest in growing Slack’s business
24 to capitalize on its market opportunity.

25 8. Unbeknownst to investors, however, the Registration Statement’s representations were
26 materially inaccurate, misleading, and/or incomplete because they failed to disclose, *inter alia*, that: (i) Slack’s
27 “go-to-market” strategy was generating few paid subscriptions, which caused revenues to stall (or decline) and
28 losses from heavy investments in sales and marketing to balloon; and (ii) at the time of the Offering, customers

1 and prospects were increasingly ditching Slack for competitive products, such as Microsoft Teams, or were
2 electing not to transition away from Slack's free version to its paid subscription, both of which were putting
3 a significant dent in Slack's revenues and billings growth prospects. Accordingly, the market was not provided
4 material information at the time of the Offering, which had the effect of artificially and materially inflating the
5 Company's shares.

6 9. As the true facts emerged in the wake of the Offering, the Company's shares fell sharply to
7 trade under \$26.00 per share as of the date of this Complaint, a decline of approximately 30% from the \$38.50
8 initial price.

9 10. By this action, Plaintiff, individually and on behalf of the other members of the Class (defined
10 below), who also acquired the Company's shares pursuant or traceable to the Offering, now seeks to obtain a
11 recovery for the damages suffered as a result of Defendants' violations of the Securities Act, as alleged herein.

12 11. The claims asserted herein are purely strict liability and negligence claims. Plaintiff expressly
13 disclaims any allegation sounding in fraud.

14 JURISDICTION AND VENUE

15 12. This Court has subject matter jurisdiction over this action pursuant to the California
16 Constitution, Article VI, §10. Removal is barred by §22 of the Securities Act, 15 U.S.C. §77v.

17 13. This Court has personal jurisdiction over each Defendant named herein because each
18 conducted business in, resided in, and/or was a citizen of California at the time of the Offering. Additionally,
19 three of the Individual Defendants (defined below), Andrew Braccia, John O'Farrell, and Chamath
20 Palihapitiya, are residents of this County, Defendant Andreessen Horowitz is headquartered in this County,
21 and the statements complained of herein were disseminated into this State.

22 14. Venue is proper in this Court because Defendants' wrongful acts arose in and emanated from,
23 in part, this County. The violations of law complained of herein occurred in this County, including the
24 dissemination of materially misleading statements into this County and acquisition of the Company's common
25 stock by members of the Class who reside in this County. In addition, certain of the Defendants reside in
26 this County.

PARTIES

15. Plaintiff purchased shares of the Company's common stock issued pursuant to the Registration Statement and Offering and was damaged thereby.

16. Defendant Slack is workplace collaboration software company based in San Francisco, California. Through Slack's platform, users can efficiently work together, access critical documents, applications, and services, and find important information to enable them to do their work. Slack's shares are listed and trade on the NYSE under the ticker "WORK."

17. Defendant Accel is a venture capital firm that, through a web of Accel affiliates, beneficially owned or controlled nearly 30 million shares (23.8%) of Slack's Class A common stock registered in the offering. Accel exercised control over Slack by, inter alia, appointing controlled agents to the Slack Board, who within the scope of their agency on behalf of Accel, reviewed, contributed to, signed, and were named as Slack directors in the Registration Statement.

18. Defendant Andreessen Horowitz is a venture capital firm that, through a web of Andreessen Horowitz affiliates, beneficially owned or controlled approximately 16.6 million shares (13.2%) of Slack's Class A common stock registered in the offering. Andreessen Horowitz exercised control over Slack by, inter alia, appointing controlled agents to the Slack Board, who within the scope of their agency on behalf of Andreessen Horowitz, reviewed, contributed to, signed, and were named as Slack directors in the Registration Statement.

19. Defendant Social Capital is a venture capital firm that, through a web of Social Capital affiliates, beneficially owned or controlled approximately 12.7 million shares (10.1%) of Slack's Class A common stock registered in the offering. Social Capital exercised control over Slack by, inter alia, appointing controlled agents to the Slack Board, who within the scope of their agency on behalf of Social Capital, reviewed, contributed to, signed, and were named as Slack directors in the Registration Statement.

20. At the time of the Offering, Defendant Stewart Butterfield ("Butterfield"), who co-founded the Company, was serving as Chief Executive Officer and Chairman of the Board of Directors (the "Board"). Defendant Butterfield participated in the preparation of and signed the Registration Statement.

1 21. At the time of the Offering, Defendant Allen Shim (“Shim”) was serving as Chief Financial
2 Officer. Defendant Shim first joined Slack in March 2014 and served as Senior Vice President of Finance and
3 Operations. Defendant Shim participated in the preparation of and signed the Registration Statement.

4 22. At the time of the Offering, Defendant Brandon Zell (“Zell”) was serving as Chief Accounting
5 Officer. Defendant Zell participated in the preparation of and signed the Registration Statement.

6 23. At the time of the Offering, Defendant Andrew Braccia (“Braccia”) was serving as a director
7 on the Slack Board. At all relevant times, Braccia has been a partner at Defendant Accel. In his capacity as a
8 partner, agent, and designated representative of Accel, Braccia reviewed, contributed to, and signed the
9 Registration Statement and served as a director of Slack.

10 24. At the time of the Offering, Defendant Edith Cooper (“Cooper”) was serving as a director on
11 the Slack Board. Defendant Cooper participated in the preparation of and signed the Registration Statement.

12 25. At the time of the Offering, Defendant Sarah Friar (“Friar”) was serving as a director on the
13 Slack Board. Defendant Friar participated in the preparation of and signed the Registration Statement.

14 26. At the time of the Offering, Defendant John O’Farrell (“O’Farrell”) was serving as a director
15 on the Slack Board. At all relevant times, O’Farrell has been a partner at Defendant Andreessen Horowitz.
16 In his capacity as a partner, agent, and designated representative of Andreessen Horowitz, O’Farrell reviewed,
17 contributed to, and signed the Registration Statement and served as a director of Slack.

18 27. At the time of the Offering, Defendant Chamath Palihapitiya (“Palihapitiya”) was serving as a
19 director on the Slack Board. At all relevant times, Palihapitiya has been Chief Executive Officer of Defendant
20 Social Capital. In his capacity as a partner, agent, and designated representative of Social Capital, Palihapitiya
21 reviewed, contributed to, and signed the Registration Statement and served as a director of Slack.

22 28. At the time of the Offering, Defendant Graham Smith (“Smith”) was serving as a director of
23 the Slack Board. Defendant Smith participated in the preparation of and signed the Registration Statement.

24 29. Defendants Butterfield, Shim, Zell, Braccia, Cooper, Friar, O’Farrell, Palihapitiya, and Smith
25 are collectively referred to herein as the “Individual Defendants.”

26 30. Slack, Accel, Andreessen Horowitz, Social Capital, and the Individual Defendants are
27 collectively referred to herein as the “Defendants.”
28

31. Pursuant to the Securities Act, Defendants are liable for the false and misleading statements in the Offering Documents. Defendants' failure to conduct adequate due diligence investigations was a substantial factor leading to the harm complained of herein.

32. Defendants also planned the Offering. They further purported to conduct an adequate and reasonable investigation into the business, operations, products, and plans of the Company, an undertaking known as a “due diligence” investigation. During the course of their “due diligence,” Defendants had continual access to confidential corporate information concerning the Company’s business, financial condition, products, plans, and prospects.

33. In addition to having access to internal corporate documents, Defendants and/or their agents, including their counsel, had access to the Company's lawyers, management, directors, and top executives to determine: (i) the strategy to best accomplish the Offering; (ii) the terms of the Offering; (iii) the language to be used in the Registration Statement; (iv) what disclosures about the Company would be made in the Registration Statement; and (v) what responses would be made to the SEC in connection with its review of the Registration Statement.

34. Defendants caused the Registration Statement to be filed with the SEC and declared effective in connection with offers and sales of the Company's shares pursuant and/or traceable to the Offering and relevant Offering Documents, including to Plaintiff and the Class.

SUBSTANTIVE ALLEGATIONS

35. The Registration Statement and Prospectus used by Defendants to make available for the first time to the general public over 118 million Class A shares was false and misleading in that it misled investors with respect to the Company's "go-to-market" strategy and related losses, as well as the then-known, but concealed, fact that customers and prospects *at the time of the Offering* were already increasingly: (i) ditching Slack to pursue products offered by incumbent competitors, such as Microsoft Teams; or (ii) electing not to convert to paid subscriptions from Slack's free version – both of which were having a negative impact on the Company's current and prospective financials.

36. In a section entitled “**Our Business Model**,” the Registration Statement made the following representations concerning Slack’s “go-to-market” strategy, and importantly, its effect on key performance

1 indicators, such as “Paid Customers >\$100,000” who “accounted for approximately 40% of” Slack’s business
2 in 2019:

3 From the outset, our go-to-market strategy has centered around offering an
4 exceptional product and level of service to organizations on Slack. We offer a
5 self-service approach, for both free and paid subscriptions to Slack, which
6 capitalizes on strong word-of-mouth adoption and customer love for our
7 brand. Since 2016, we have augmented our approach with a direct sales force
8 and customer success professionals who are focused on driving successful
9 adoption and expansion within organizations, whether on a free or paid
10 subscription plan.

11 * * *

12 Our direct sales and customer success efforts are focused on larger
13 organizations who have a greater number of users and teams and have the
14 potential to increase spend over time. We measure the number of Paid
15 Customers >\$100,000 of annual recurring revenue, or ARR, as a gauge of
16 adoption within and expansion into large enterprises. *As of January 31, 2019,*
17 *we had 575 Paid Customers >\$100,000 of ARR, which accounted for*
18 *approximately 40% of our revenue in fiscal year 2019.*

19 [Emphasis added].

20 37. The Registration Statement juxtaposed these comments with revenue figures from 2017
21 through 2019, suggesting to investors that the Company’s “go-to-market” strategy was *the* driving force
22 behind the Company’s continued (and expected) growth:

23 Our revenue was \$105.2 million, \$220.5 million, and \$400.6 million in fiscal
24 years 2017, 2018, and 2019, respectively, *representing annual growth of*
25 *110% and 82%, respectively.* . . . Our growth is global with international
26 revenue representing 34%, 34%, and 36% of total revenue in fiscal years 2017,
27 2018, and 2019, respectively[.]

28 [Emphasis added].

38. Reaffirming these inferences, the Registration Statement then claimed that the Company is
committed to “*contin[ing] to invest in growing our business to capitalize on our market*
opportunity[.]” before then touting how “[o]ur net losses have been decreasing as a percentage of
revenue over time as revenue growth has outpaced the growth in operating expenses.” [Emphasis
added].

39. The Registration Statement also underscored the importance of the Company’s expansion
within organizations already using its products, noting, in particular, how the rate of expansion within Slack’s
paid customer base was closely tracked:

Expansion within organizations on Slack is a significant contributor to our growth. We measure the rate of expansion within our Paid Customer base, both sales-driven and through organic growth, by Net Dollar Retention Rate. ***Our Net Dollar Retention Rate was 138% as of April 30, 2019.*** We believe that our Net Dollar Retention Rate is a reflection of the rapid pace of adoption that often occurs as usage spreads within and across teams. ***We believe that all of these factors will contribute to a high lifetime value of an organization on Slack.***

[Emphasis added].

40. Defendants continued to emphasize these assertions in the section of the Registration Statement entitled “What Sets Us Apart,” stating, in relevant part:

Scale and market leadership

The strength of our market leadership is demonstrated by the scale and growth of our users, the high level of engagement within our user base, our growth within organizations, the breadth of applications that integrate with Slack, and the size of our developer ecosystem.

* * *

Customer love leading to stickiness and organic expansion

People love using Slack and many become advocates for wider use inside of their organizations. They also tend to recommend Slack when they switch jobs or join organizations that are not yet using Slack. ***This customer love is a source of growth that is exceptional in enterprise software.***

Differentiated go-to-market strategy

Organic growth is generated as users realize the benefits of Slack. This growth enables us to attract new and prospective organizations through a highly effective self-service customer engagement model for free and paid subscription plans. We complement our self-service strategy with a focused direct sales effort and our customer success teams work to broaden adoption of Slack into wider-scale developments.

[Emphasis added and in original].

41. Finally, the Registration Statement laid out the Company’s “Growth Strategy,” which included commitments to “[g]row the number of organizations on Slack and increase our paid customers,” “[i]ncrease usage within organizations on Slack,” and “[f]urther invest in enterprise capabilities,” stating, in relevant part:

We intend to continue to grow by the following means:

* * *

We believe our market remains underpenetrated and *we will continue to expand our marketing and sales efforts* to reach more users and organizations and *to increase the number of paid customers*.

We plan to *continue to grow use and users within organizations on Slack by increasing our investments in our direct sales force, customer success, and customer experience teams*, along with new user education initiatives.

* * *

We intend to ***increase investments in marketing, expand our field sales team, and continue to build product functionality in order to drive greater adoption of Slack by large organizations.***

42. The foregoing statements were materially inaccurate, misleading, and/or incomplete because they failed to disclose, *inter alia*, that: (i) the “go-to-market” strategy deployed by the Company was generating few paid subscriptions, which caused revenues to stall (or decline) and losses from heavy investments in sales and marketing to balloon; and (ii) at the time of the Offering, customers and prospects were either increasingly ditching Slack for competitive products, such as Microsoft Teams, or electing not to transition from their free subscription to Slack’s paid version, both of which put a significant dent in Slack’s revenues and growth prospects.

43. For the foregoing reasons, in addition to being false and misleading because of affirmative false and misleading statements and omissions, Slack's Offering Documents were also misleading for failing to disclose the truth about the Company's "go-to-market" strategy, inability to generate paid sales or billings growth, and commitment to increasing investments in marketing and the direct sales force in violation of 17 C.F.R. §229.303 ("Item 303"). The Offering Documents also failed to adequately describe the risks posed thereby in violation of 17 C.F.R. §229.503 ("Item 503"). Further, Defendants' omissions rendered false and misleading the Offering Documents' many references to known risks that "*if* occurring "*might*" or "*could*" affect the Company. [Emphasis added]. In truth, the purported "risks" were already materializing at the time of the Offering.

44. Shortly after the Offering, as the truth began to emerge, the price of Slack shares declined. By the commencement of this action, the stock has fallen below \$26.00 - ***an over 30% decline*** from its \$38.50 opening Offering Price.

CLASS ACTION ALLEGATIONS

45. Plaintiff brings this action as a class action on behalf of all those who purchased the Company's common stock pursuant or traceable to the Company's Offering and Registration Statement (the "Class"). Excluded from the Class are Defendants; the officers and directors of the Company, at all relevant times; members of Defendants' immediate families and their legal representatives, heirs, successors, or assigns; and any entity in which Defendants have or had a controlling interest.

46. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time, and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of members of the proposed Class. The members of the proposed Class may be identified from records maintained by the Company or its transfer agent and may be notified of the pendency of this action by mail, using customary forms of notice that are commonly used in securities class actions.

47. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by Defendants' wrongful conduct.

48. Plaintiff will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

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

- (a) whether the federal securities laws were violated by Defendants' acts, as alleged herein;
- (b) whether the Prospectus and Registration Statement contained materially false and misleading statements and omissions; and
- (c) to what extent Plaintiff and the other members of the Class have sustained damages and the proper measure of such damages.

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

FIRST CLAIM
Violations of §11 of the Securities Act
Against All Defendants

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

52. This claim is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against each of the Defendants.

53. The Registration Statement was inaccurate and misleading, contained untrue statements of material facts, omitted facts necessary to make the statements made therein not misleading, and omitted to state material facts required to be stated therein.

54. The Company is the issuer of the securities purchased by Plaintiff and the Class. As such, the Company is strictly liable for the materially inaccurate statements contained in the Registration Statement and the failure of the Registration Statement to be complete and accurate.

55. The Individual Defendants each signed the Registration Statement. As such, each is strictly liable for the materially inaccurate statements contained in the Registration Statement and the failure of the Registration Statement to be complete and accurate, unless they are able to carry their burden of establishing an affirmative “due diligence” defense. The Individual Defendants each had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Registration Statement and ensure that they were true and accurate, there were no omissions of material facts that would make the Registration Statement misleading, and the Registration Statement contained all facts required to be stated therein. In the exercise of reasonable care, the Individual Defendants should have known of the material misstatements and omissions contained in the Registration Statement and also should have known of the omissions of material fact necessary to make the statements made therein not misleading. Accordingly, the Individual Defendants are liable to Plaintiff and the Class.

56. Accel, Andreessen Horowitz, and Social Capital are liable for the conduct of their respective agents who, as designated directors of Slack, and within the scope of their agency on behalf of Accel, Andreessen Horowitz, or Social Capital, respectively, are liable for reviewing, contributing to, signing, and being named as director designees in, the false and misleading Registration Statement.

57. By reasons of the conduct herein alleged, each Defendant violated, or controlled an employee or other agent who violated, §11 of the Securities Act.

58. Plaintiff acquired the Company's common stock pursuant or traceable to the Registration Statement and without knowledge of the untruths and/or omissions alleged herein. Plaintiff sustained damages, and the price of the Company's common stock declined substantially due to material misstatements in the Registration Statement.

59. This claim is brought within one year after the discovery of the untrue statements and omissions and within three years of the date of the Offering.

60. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled to damages under §11, as measured by the provisions of §11(e), from the Defendants and each of them, jointly and severally, as well as all other remedies that may exist at law or in equity.

SECOND CLAIM
Violations of §12(a)(2) of the Securities Act
Against All Defendants

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

62. This claim is brought pursuant to §12(a)(2) of the Securities Act, 15 U.S.C. §77(a)(2), on behalf of the Class, against each of the Defendants.

63. Defendants were sellers, offerors, and/or solicitors of purchasers of the Company's securities offered pursuant to the Offering. Defendants issued, caused to be issued, and signed the Registration Statement in connection with the Offering. The Registration Statement was used to induce investors, such as Plaintiff and the other members of the Class, to purchase the Company's shares.

64. The Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements made therein not misleading, and omitted material facts required

1 to be stated therein. Defendants' acts of solicitation included participating in the preparation of the false and
2 misleading Registration Statement.

3 65. As set forth more specifically above, the Registration Statement contained untrue statements
4 of material facts and omitted to state material facts necessary in order to make the statements, in light of
5 circumstances in which they were made, not misleading.

6 66. Plaintiff and the other members of the Class did not know, nor could they have known, of the
7 untruths or omissions contained in the Registration Statement.

8 67. The Defendants were obligated to make a reasonable and diligent investigation of the
9 statements contained in the Registration Statement to ensure that such statements were true and that there
10 were no omissions of material fact required to be stated in order to make the statements contained therein
11 not misleading. None of the Defendants made a reasonable investigation or possessed reasonable grounds
12 for the belief that the statements contained in the Registration Statement were accurate and complete in all
13 material respects. Had they done so, these Defendants could have known of the material misstatements and
14 omissions alleged herein.

15 68. This claim is brought within one year after discovery of the untrue statements and omissions
16 in the Registration Statement and within three years after the Company's shares were sold to the Class in
17 connection with the Offering.

18 **THIRD CLAIM**
19 **For Violation of §15 of the Securities Act**
20 **Against All Defendants**

21 69. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth
22 herein.

23 70. This claim is brought pursuant to §15 of the Securities Act, 15 U.S.C. §77o, on behalf of the
24 Class, against all Defendants.

25 71. The Company controlled all of its employees, including those among the individual
26 Defendants. Accel, Andreessen Horowitz, and Social Capital controlled their respective agents serving as
27 directors of Slack. The Individual Defendants were controlling persons of the Company by reason of their
28 ownership interest in, senior management positions at, and/or directorships held at the Company, as alleged

1 above. Defendants, individually and collectively, had the power to influence and control and exercised that
2 power to cause and engage in the misconduct complained of herein.

3 72. By reason of such wrongful conduct, Defendants are liable pursuant to §15 of the Securities
4 Act. As a direct and proximate result of the wrongful conduct, Class members suffered damages in connection
5 with their purchases of the Company's shares.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff prays for judgment as follows:

8 A. Declaring this action to be a proper class action, certifying Plaintiff's as the Class
9 Representatives, and appointing Plaintiff's counsel as Class Counsel;

10 B. Awarding Plaintiff and the other members of the Class compensatory damages;

11 C. Awarding Plaintiff and the other members of the Class pre-judgment and post-judgment
12 interest, as well as reasonable attorneys' fees, expert witness fees, and other costs and disbursements; and

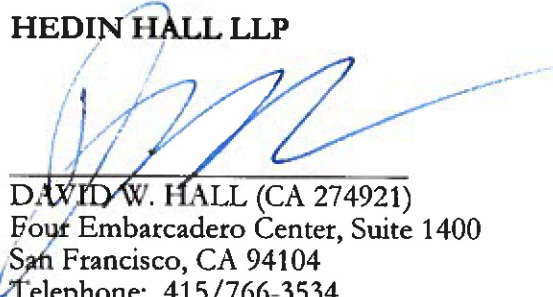
13 D. Awarding Plaintiff and the other members of the Class rescission, disgorgement, and such
14 other legal or equitable relief as the Court may deem just and proper.

15 **JURY TRIAL DEMAND**

16 Plaintiff demands a trial by jury.

17 DATED: September 13, 2019

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28