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

12 CODY DIXON, Individually and On
 13 Behalf of All Others Similarly Situated,

14 Plaintiff,

15 v.

16 THE HONEST COMPANY, INC.,
 17 NIKOLAOS VLAHOS, KELLY
 18 KENNEDY, JESSICA WARREN,
 19 KATIE BAYNE, SCOTT DAHNKE,
 20 ERIC LIAW, JEREMY LIEW, AVIK
 21 PRAMANIK, MORGAN STANLEY &
 22 CO. LLC, J.P. MORGAN
 23 SECURITIES LLC, JEFFERIES LLC,
 24 BOFA SECURITIES, INC.,
 25 CITIGROUP GLOBAL MARKETS,
 26 INC., WILLIAM BLAIR &
 27 COMPANY, L.L.C., GUGGENHEIM
 28 SECURITIES, LLC, TELSEY
 ADVISORY GROUP LLC, C.L. KING
 & ASSOCIATES, INC., LOOP
 CAPITAL MARKETS LLC,
 PENSERRA SECURITIES LLC, and
 SAMUEL A. RAMIREZ &
 COMPANY, INC.,

Defendants.

Case No.

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

1 Plaintiff Cody Dixon (“Plaintiff”), individually and on behalf of all others
2 similarly situated, by and through his attorneys, 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 among other things, his counsel’s investigation, which includes without limitation:
6 (a) review and analysis of regulatory filings made by The Honest Company, Inc.
7 (“Honest” or the “Company”) with the United States (“U.S.”) Securities and
8 Exchange Commission (“SEC”); (b) review and analysis of press releases and media
9 reports issued by and disseminated by Honest; and (c) review of other publicly
10 available information concerning Honest.

11 **NATURE OF THE ACTION AND OVERVIEW**

12 1. This is a class action on behalf of persons and entities that purchased or
13 otherwise acquired Honest common stock pursuant and/or traceable to the registration
14 statement and prospectus (collectively, the “Registration Statement”) issued in
15 connection with the Company’s May 2021 initial public offering (“IPO” or the
16 “Offering”). Plaintiff pursues claims against the Defendants under the Securities Act
17 of 1933 (the “Securities Act”).

18 2. Honest claims it is a “digitally-native, mission-driven brand focused on
19 leading the clean lifestyle movement, creating a community for conscious consumers
20 and seeking to disrupt multiple consumer product categories.” Honest’s three product
21 categories are (1) Diapers and Wipes, (2) Skin and Personal Care, and (3) Household
22 and Wellness. According to Honest, these three categories represented 63%, 26% and
23 11% of Honest’s 2020 revenue, respectively.

24 3. On May 6, 2021, the Company filed its prospectus on Form 424B4 with
25 the SEC, which forms part of the Registration Statement. In the IPO, the Company
26 sold 6,451,613 shares of common stock, plus an additional 3,871,050 shares of
27 common stock pursuant to the underwriter’s option to purchase additional shares at a
28 price of \$16.00 per share. Certain existing stockholders also sold an aggregate of

1 19,355,387 shares of common stock in the IPO for \$16.00 per share, including
2 15,229,543 by the executive officers and directors of Honest as a group (excluding
3 the underwriters' over-allotment option). The Company received proceeds of
4 approximately \$91.1 million from the Offering, net of underwriting discounts and
5 commissions. The proceeds from the IPO were purportedly to be used for "general
6 corporate purposes" including "operating expenses, working capital and capital
7 expenditures for future growth, including marketing and direct-to-consumer
8 advertising investments, innovation and adjacent product category expansion,
9 international growth investment and organizational capabilities investments." Honest
10 further claimed that it "may also use a portion of the net proceeds . . . to acquire
11 complementary businesses, products, services or technologies."

12 4. Approximately two months after the IPO, on August 13, 2021, before
13 the market opened, Honest issued a press release titled "The Honest Company Reports
14 Second Quarter 2021 Financial Results." Therein, Honest reported a net loss of \$20
15 million for the second quarter of 2021, as compared to a net loss of only \$0.4 million
16 for the second quarter of 2020. Honest disclosed that its revenue grew only 3% as
17 compared to the second quarter of 2020, because it was negatively impacted by "an
18 estimated \$3.7 million COVID-19 stock-up impact primarily in Diapers and Wipes in
19 the prior year period." Honest also disclosed that its Diapers and Wipes category
20 revenue declined 2% compared to the second quarter of 2020. Honest further
21 disclosed that "Household and Wellness revenue declined 6% from the second quarter
22 of 2020 as consumer and customer demand for sanitization products decreased as
23 consumers became vaccinated and customers managed heavy levels of inventory."

24 5. On this news, the Company's stock price fell \$3.98 per share, or 28%, to
25 close at \$10.07 per share on August 13, 2021, on unusually heavy trading volume.

26 6. On August 19, 2021, the Company's stock price closed at an all-time low
27 of \$9.16 per share, a nearly 43% decline from the \$16.00 per share IPO price.
28

1 14. Defendant Honest is incorporated under the laws of the Delaware with
2 its principal executive offices located in Los Angeles, California. Honest’s shares
3 trade on the NASDAQ exchange under the symbol “HNST.”

4 15. Defendant Nikolaos Vlahos (“Vlahos”) was the Chief Executive Officer
5 (“CEO”) and a Director of the Company, and signed or authorized the signing of the
6 Company’s Registration Statement filed with the SEC.

7 16. Defendant Kelly Kennedy (“Kennedy”) was the Executive Vice
8 President and Chief Financial Officer (“CFO”) of the Company, and signed or
9 authorized the signing of the Company’s Registration Statement filed with the SEC.

10 17. Defendant Jessica Warren (“Warren”) was the Chief Creative Officer
11 and a Director of the Company and signed or authorized the signing of the Company’s
12 Registration Statement filed with the SEC.

13 18. Defendant Katie Bayne (“Bayne”) was a Director of the Company and
14 signed or authorized the signing of the Company’s Registration Statement filed with
15 the SEC.

16 19. Defendant Scott Dahnke (“Dahnke”) was a Director of the Company and
17 signed or authorized the signing of the Company’s Registration Statement filed with
18 the SEC.

19 20. Defendant Eric Liaw (“E. Liaw”) was a Director of the Company and
20 signed or authorized the signing of the Company’s Registration Statement filed with
21 the SEC.

22 21. Defendant Jeremy Liew (“J. Liew”) was a Director of the Company and
23 signed or authorized the signing of the Company’s Registration Statement filed with
24 the SEC.

25 22. Defendant Avik Pramanik (“Pramanik”) was a Director of the Company
26 and signed or authorized the signing of the Company’s Registration Statement filed
27 with the SEC.

28

1 23. Defendants Vlahos, Kennedy, Warren, Bayne, Dahnke, E. Liaw, J. Liew,
2 and Pramanik are collectively referred to hereinafter as the “Individual Defendants.”

3 24. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) served as an
4 underwriter for the Company’s IPO. In the IPO, Morgan Stanley agreed to purchase
5 9,627,997 shares of the Company’s common stock, exclusive of the over-allotment
6 option.

7 25. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) served as an
8 underwriter for the Company’s IPO. In the IPO, J.P. Morgan agreed to purchase
9 7,166,405 shares of the Company’s common stock, exclusive of the over-allotment
10 option.

11 26. Defendant Jefferies LLC (“Jefferies”) served as an underwriter for the
12 Company’s IPO. In the IPO, Jefferies agreed to purchase 3,771,792 shares of the
13 Company’s common stock, exclusive of the over-allotment option.

14 27. Defendant BofA Securities, Inc. (“BofA”) served as an underwriter for
15 the Company’s IPO. In the IPO, BofA agreed to purchase 1,191,092 shares of the
16 Company’s common stock, exclusive of the over-allotment option.

17 28. Defendant Citigroup Global Markets, Inc. (“Citigroup”) served as an
18 underwriter for the Company’s IPO. In the IPO, Citigroup agreed to purchase
19 1,191,092 shares of the Company’s common stock, exclusive of the over-allotment
20 option.

21 29. Defendant William Blair & Company, L.L.C. (“William Blair”) served
22 as an underwriter for the Company’s IPO. In the IPO, William Blair agreed to
23 purchase 952,874 shares of the Company’s common stock, exclusive of the over-
24 allotment option.

25 30. Defendant Guggenheim Securities, LLC (“Guggenheim”) served as an
26 underwriter for the Company’s IPO. In the IPO, Guggenheim agreed to purchase
27 774,210 shares of the Company’s common stock, exclusive of the over-allotment
28 option.

1 31. Defendant Telsey Advisory Group LLC (“Telsey”) served as an
2 underwriter for the Company’s IPO. In the IPO, Telsey agreed to purchase 416,882
3 shares of the Company’s common stock, exclusive of the over-allotment option.

4 32. Defendant C.L. King & Associates, Inc. (“C.L. King”) served as an
5 underwriter for the Company’s IPO. In the IPO, C.L. King agreed to purchase 178,664
6 shares of the Company’s common stock, exclusive of the over-allotment option.

7 33. Defendant Loop Capital Markets LLC (“Loop”) served as an underwriter
8 for the Company’s IPO. In the IPO, Loop agreed to purchase 178,664 shares of the
9 Company’s common stock, exclusive of the over-allotment option.

10 34. Defendant Penserra Securities LLC (“Penserra”) served as an
11 underwriter for the Company’s IPO. In the IPO, Penserra agreed to purchase 178,664
12 shares of the Company’s common stock, exclusive of the over-allotment option.

13 35. Defendant Samuel A. Ramirez & Company, Inc. (“Samuel A. Ramirez”)
14 served as an underwriter for the Company’s IPO. In the IPO, Samuel A. Ramirez
15 agreed to purchase 178,664 shares of the Company’s common stock, exclusive of the
16 over-allotment option.

17 36. Defendants Morgan Stanley, J.P. Morgan, Jefferies, BofA, Citigroup,
18 William Blair, Guggenheim, Telsey, C.L. King, Loop, Penserra, and Samuel A.
19 Ramirez are collectively referred to hereinafter as the “Underwriter Defendants.”

20 **CLASS ACTION ALLEGATIONS**

21 37. Plaintiff brings this action as a class action pursuant to Federal Rule of
22 Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and
23 entities that purchased or otherwise acquired Honest common stock pursuant and/or
24 traceable to the Registration Statement issued in connection with the Company’s May
25 2021 IPO. Excluded from the Class are Defendants, the officers and directors of the
26 Company, at all relevant times, members of their immediate families and their legal
27 representatives, heirs, successors, or assigns, and any entity in which Defendants have
28 or had a controlling interest.

1 38. The members of the Class are so numerous that joinder of all members
2 is impracticable. Throughout the Class Period, Honest's shares actively traded on the
3 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this
4 time and can only be ascertained through appropriate discovery, Plaintiff believes that
5 there are at least hundreds or thousands of members in the proposed Class. Millions
6 of Honest shares were traded publicly during the Class Period on the NASDAQ.
7 Record owners and other members of the Class may be identified from records
8 maintained by Honest or its transfer agent and may be notified of the pendency of this
9 action by mail, using the form of notice similar to that customarily used in securities
10 class actions.

11 39. Plaintiff's claims are typical of the claims of the members of the Class
12 as all members of the Class are similarly affected by Defendants' wrongful conduct
13 in violation of federal law that is complained of herein.

14 40. Plaintiff will fairly and adequately protect the interests of the members
15 of the Class and has retained counsel competent and experienced in class and
16 securities litigation.

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

20 (a) whether the federal securities laws were violated by Defendants'
21 acts as alleged herein;

22 (b) whether statements made by Defendants to the investing public
23 during the Class Period omitted and/or misrepresented material facts about the
24 business, operations, and prospects of Honest; and

25 (c) to what extent the members of the Class have sustained damages
26 and the proper measure of damages.

27 42. A class action is superior to all other available methods for the fair and
28 efficient adjudication of this controversy since joinder of all members is

1 impracticable. Furthermore, as the damages suffered by individual Class members
2 may be relatively small, the expense and burden of individual litigation makes it
3 impossible for members of the Class to individually redress the wrongs done to them.
4 There will be no difficulty in the management of this action as a class action.

5 **SUBSTANTIVE ALLEGATIONS**

6 **Background**

7 43. Honest claims it is a “digitally-native, mission-driven brand focused on
8 leading the clean lifestyle movement, creating a community for conscious consumers
9 and seeking to disrupt multiple consumer product categories.” Honest’s three product
10 categories are (1) Diapers and Wipes, (2) Skin and Personal Care, and (3) Household
11 and Wellness. According to Honest, these three categories represented 63%, 26% and
12 11% of Honest’s 2020 revenue, respectively.

13 **The Company’s False and/or Misleading**

14 **Registration Statement and Prospectus**

15 44. On April 9, 2021, the Company filed its initial registration statement on
16 Form S-1 with the SEC, which forms part of the Registration Statement.

17 45. On April 26, 2021, the Company filed its final amendment to the
18 Registration Statement with the SEC on Form S-1/A, which forms part of the
19 Registration Statement. The Registration Statement was declared effective on May 4,
20 2021.

21 46. On May 6, 2021, the Company filed its prospectus on Form 424B4 with
22 the SEC, which forms part of the Registration Statement. In the IPO, the Company
23 sold 6,451,613 shares of common stock, plus an additional 3,871,050 shares of
24 common stock pursuant to the underwriter’s option to purchase additional shares at a
25 price of \$16.00 per share. Certain existing stockholders also sold an aggregate of
26 19,355,387 shares of common stock in the IPO for \$16.00 per share, including
27 15,229,543 by the executive officers and directors of Honest as a group (excluding
28 the underwriters’ over-allotment option). The Company received proceeds of

1 approximately \$91.1 million from the Offering, net of underwriting discounts and
2 commissions. The proceeds from the IPO were purportedly to be used FOR “general
3 corporate purposes” including “operating expenses, working capital and capital
4 expenditures for future growth, including marketing and direct-to-consumer
5 advertising investments, innovation and adjacent product category expansion,
6 international growth investment and organizational capabilities investments.” Honest
7 further claimed that it “may also use a portion of the net proceeds . . . to acquire
8 complementary businesses, products, services or technologies.”

9 47. The Registration Statement was negligently prepared and, as a result,
10 contained untrue statements of material facts or omitted to state other facts necessary
11 to make the statements made not misleading, and was not prepared in accordance with
12 the rules and regulations governing its preparation.

13 48. Under applicable SEC rules and regulations, the Registration Statement
14 was required to disclose known trends, events or uncertainties that were having, and
15 were reasonably likely to have, an impact on the Company’s continuing operations.

16 49. With respect to Honest’s past performance and prospects, the
17 Registration Statement stated, in relevant part:

18 As we have executed against our Innovation Strategy, we have been
19 successful in reinvigorating growth, improving product mix,
20 significantly enhancing our gross margin profile and turning profitable
on an adjusted EBITDA basis. We have achieved the following
financial results:

- 21 • From 2018 to 2020, we grew revenue by a 12% compound
22 annual growth rate, or CAGR, from \$237.9 million to \$300.5
23 million, with only a slight decline in 2019 as we offset declines
from Non-Core Products;
- 24 • We achieved 27.6% year-over-year revenue growth in 2020,
25 recording year-over-year revenue growth rates of 16.4%, 35.5%,
and 116.5% in our Diapers and Wipes, Skin and Personal Care
and Household and Wellness categories, respectively;
- 26 • We also increased gross margin by 1,080 basis points from
27 25.1% in 2018 to 35.9% in 2020, by driving growth in higher-
28 margin products and channels, leveraging our strategic
relationships with retailers, gaining leverage on fixed costs in

1 fulfillment, as well as executing on accretive product innovation;
2 and

- 3 • In 2020, we reported a net loss of \$14.5 million and adjusted
4 EBITDA of \$11.2 million, or 4% of revenue.

5 50. With respect to the Impact of COVID 19, the Registration Statement
6 stated that “[c]hanges in macro-level consumer spending trends, including as a result
7 of the COVID-19 pandemic, *could* result in fluctuations in our operating results.”
(Emphasis added.) It further stated, in relevant part:

8 The COVID-19 pandemic has caused general business disruption
9 worldwide beginning in January 2020. The full extent to which the
10 COVID-19 pandemic will directly or indirectly impact our cash flow,
business, financial condition, results of operations and prospects will
depend on future developments that are uncertain.

11 As a result of the COVID-19 pandemic, we temporarily closed our
12 headquarters, supported our employees and contractors to work
remotely, and implemented travel restrictions. These actions represented
13 a significant change in how we operated our business, but we believe that
we successfully navigated this transition. In an effort to provide a safe
14 work environment for our employees, we have implemented various
social distancing measures, including replacing in-person meetings with
15 virtual interactions. We will continue to take actions as may be required
or recommended by government authorities or as we determine are in the
16 best interests of our employees and other business partners in light of the
pandemic.

17 We have experienced relatively minor impacts on our inventory
18 availability and delivery capacity since the outbreak, none of which has
materially impacted our ability to service our consumers and retail and
19 third-party ecommerce customers. We have taken measures to bolster
key aspects of our supply chain, such as securing secondary suppliers
20 and ensuring sufficient inventory to support our continued growth in the
face of the pandemic. We continue to work with our existing
21 manufacturing, logistics and other supply chain partners to ensure our
ability to service our consumers and retail and third-party ecommerce
22 customers.

23 *We believe COVID-19 has been one of the drivers of demand in our*
24 *Digital channel as consumers have shifted to online shopping amid the*
25 *pandemic. Additionally, our Household and Wellness product category*
26 *has benefitted from increasing demand for sanitization products. We*
27 *accelerated our development timeline for certain product launches,*
28 *launching our disinfecting spray and alcohol wipes in 2020. There is*
no assurance that we will continue to experience such increases in
demand. We may see a decline in use of online shopping and demand
for sanitization products when the COVID-19 pandemic subsides.

The operations of our retail partners, manufacturers and suppliers have
also been impacted by the COVID-19 pandemic. While the duration and

1 extent of the COVID-19 pandemic depends on future developments that
2 cannot be accurately predicted at this time, it has already had an adverse
3 effect on the global economy and the ultimate societal and economic
4 impact of the COVID-19 pandemic remains unknown. In particular, the
5 conditions caused by this pandemic may negatively impact collections
of accounts receivable and reduce expected spending from new
consumers, all of which could adversely affect our business, financial
condition, results of operations and prospects during fiscal 2021 and
potentially future periods.

6 (Emphasis added.)

7 51. The Registration Statement was materially false and misleading and
8 omitted: (1) that, prior to the IPO, the Company's results had been significantly
9 impacted by a multimillion-dollar COVID-19 stock-up for products in the Diapers
10 and Wipes category and Household and Wellness category; (2) that, at the time of the
11 IPO, the Company was experiencing decelerating demand for such products; (3) that,
12 as a result, the Company's financial results would likely be adversely impacted; and
13 (4) that, as a result of the foregoing, Defendants' positive statements about the
14 Company's business, operations, and prospects, were materially misleading and/or
15 lacked a reasonable basis.

16 **The Subsequent Disclosure**

17 52. On August 13, 2021, before the market opened, Honest issued a press
18 release titled "The Honest Company Reports Second Quarter 2021 Financial Results."
19 Therein, Honest reported a net loss of \$20 million for the second quarter of 2021, as
20 compared to a net loss of only \$0.4 million for the second quarter of 2020. Honest
21 disclosed that its revenue grew only 3% as compared to the second quarter of 2020,
22 because it was negatively impacted by "an estimated \$3.7 million COVID-19 stock-
23 up impact primarily in Diapers and Wipes in the prior year period." Honest also
24 disclosed that its Diapers and Wipes category revenue declined 2% compared to the
25 second quarter of 2020. Honest further disclosed that "Household and Wellness
26 revenue declined 6% from the second quarter of 2020 as consumer and customer
27 demand for sanitization products decreased as consumers became vaccinated and
28

1 customers managed heavy levels of inventory.” The press release stated, in relevant
2 part:

3 LOS ANGELES, Aug. 13, 2021 (GLOBE NEWSWIRE) -- The Honest
4 Company (NASDAQ: HNST), a digitally native, mission-driven brand
5 focused on leading the clean lifestyle movement, reported second
6 quarter 2021 financial results for the three and six months ended June
7 30, 2021.

8 “The underlying strength and financial performance of our overall
9 business for the first half of 2021 reflects the ongoing success of our
10 strategic initiatives focused on Content, Community, Commerce, and
11 our powerful innovation and category expansion,” said Nick Vlahos,
12 Chief Executive Officer of The Honest Company. “For the first half of
13 2021, we were pleased to deliver 8% revenue and volume growth on
14 top of the accelerated COVID stock-up surge of 25% revenue growth
15 that we saw in the first half of 2020 as compared to the first half of
16 2019. We also exceeded our gross margin expectations for the overall
17 business in the first half of 2021, showing the strength of our business
18 at a time when our entire industry faced a challenging input cost,
19 inventory and supply chain environment.”

20 Vlahos continued, "During the second quarter we saw positive
21 consumer response to our new Clean Conscious Diaper and marketing
22 innovation with over 17% retail consumption growth for Honest's
23 Diapers, Wipes and Personal Care products as measured by syndicated
24 data for the thirteen-weeks ended June 27, 2021. This growth is on top
25 of the significant COVID-19 stock-up we experienced in the Diapers
26 and Wipes category in 2020. As we look to the remainder of the year,
27 we continue to have confidence in our three year strategic plan, Strategy
28 2023, and are focused on executing with excellence to deliver
shareholder value over the long-term and solidify Honest's position as
the next generation, modern CPG company.”

19 **Second Quarter Highlights**

- 20 • **Revenue** grew 3% from the second quarter of 2020; excluding
21 an estimated \$3.7 million COVID-19 stock-up impact primarily
22 in Diapers and Wipes in the prior year period, revenue growth
23 was 9%:
 - 24 ○ **Skin and Personal Care** revenue increased 16% from the
25 second quarter of 2020 and increased 39% as compared to
26 the second quarter of 2019.
 - 27 ○ **Diapers and Wipes** declined 2% as compared to the
28 second quarter of 2020 with mid-single digit growth in
diapers offset by the 2020 COVID-19 stock-up impact in
the prior year period. Diapers and Wipes grew 17% as
compared to the second quarter of 2019.
 - **Household and Wellness** revenue declined 6% from the
second quarter of 2020 as consumer and customer demand
for sanitization products decreased as consumers became

1 vaccinated and customers managed heavy levels of
2 inventory. Household and Wellness declined 31% as
3 compared to the second quarter of 2019 as we simplified
4 the product portfolio while discontinuing certain non-core
5 products that did not align with our revamped product
6 strategy.

- 7 • **Gross margin** was 36% representing a decrease of 50 basis
8 points from the second quarter of 2020 and expansion of 710
9 basis points from the second quarter of 2019; notably, gross
10 margin expanded 110 basis points from the first quarter of 2021;
11 the gross margin decline from the second quarter of 2020 was
12 driven by more normalized levels of trade spend; the expansion
13 in gross margin versus the second quarter of 2019 and the first
14 quarter of 2021 was driven in part by our cost savings and
15 product mix initiatives
- 16 • **Net loss** was \$20.0 million (including one-time IPO related costs
17 and other transaction-related expenses) and **adjusted EBITDA**
18 was a loss of \$0.8 million for the second quarter of 2021

19 53. On this news, the Company's stock price fell \$3.98 per share, or 28%, to
20 close at \$10.07 per share on August 13, 2021, on unusually heavy trading volume. On
21 August 19, 2021, the Company's stock price closed at an all-time low of \$9.16 per
22 share, a nearly 43% decline from the \$16.00 per share IPO price.

23 FIRST CLAIM

24 **Violation of Section 11 of the Securities Act**

25 **(Against All Defendants)**

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

28 55. This Count is brought pursuant to Section 11 of the Securities Act, 15
U.S.C. § 77k, on behalf of the Class, against the Defendants.

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

57. Honest is the registrant for the IPO. The Defendants named herein were
responsible for the contents and dissemination of the Registration Statement.

1 58. As issuer of the shares, Honest is strictly liable to Plaintiff and the Class
2 for the misstatements and omissions.

3 59. None of the Defendants named herein made a reasonable investigation
4 or possessed reasonable grounds for the belief that the statements contained in the
5 Registration Statement was true and without omissions of any material facts and were
6 not misleading.

7 60. By reasons of the conduct herein alleged, each Defendant violated,
8 and/or controlled a person who violated Section 11 of the Securities Act.

9 61. Plaintiff acquired Honest shares pursuant and/or traceable to the
10 Registration Statement for the IPO.

11 62. Plaintiff and the Class have sustained damages. The value of Honest
12 shares has declined substantially subsequent to and due to the Defendants' violations.

13 **SECOND CLAIM**

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

15 **(Against the Individual Defendants)**

16 63. Plaintiff repeats and re-alleges each and every allegation contained
17 above as if fully set forth herein, except any allegation of fraud, recklessness or
18 intentional misconduct.

19 64. This count is asserted against the Individual Defendants and is based
20 upon Section 15 of the Securities Act.

21 65. The Individual Defendants, by virtue of their offices, directorship, and
22 specific acts were, at the time of the wrongs alleged herein and as set forth herein,
23 controlling persons of Honest within the meaning of Section 15 of the Securities Act.
24 The Individual Defendants had the power and influence and exercised the same to
25 cause Honest to engage in the acts described herein.

26 66. The Individual Defendants' positions made them privy to and provided
27 them with actual knowledge of the material facts concealed from Plaintiff and the
28 Class.

1 67. By virtue of the conduct alleged herein, the Individual Defendants are
2 liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for
3 damages suffered.

4 **PRAYER FOR RELIEF**

5 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

6 (a) Determining that this action is a proper class action under Rule 23 of the
7 Federal Rules of Civil Procedure;

8 (b) Awarding compensatory damages in favor of Plaintiff and the other
9 Class members against all defendants, jointly and severally, for all damages sustained
10 as a result of Defendants' wrongdoing, in an amount to be proven at trial, including
11 interest thereon;

12 (c) Awarding Plaintiff and the Class their reasonable costs and expenses
13 incurred in this action, including counsel fees and expert fees; and

14 (d) Such other and further relief as the Court may deem just and proper.

15 **JURY TRIAL DEMANDED**

16 Plaintiff hereby demands a trial by jury.

17 DATED: September 15, 2021 GLANCY PRONGAY & MURRAY LLP

18 By: /s/ Charles H. Linehan
19 Robert V. Prongay
20 Charles H. Linehan
21 Pavithra Rajesh
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26 Email: info@glancylaw.com

27 *Counsel for Plaintiff Cody Dixon*
28

**SWORN CERTIFICATION OF PLAINTIFF
THE HONEST COMPANY, INC. (HNST) SECURITIES LITIGATION**

I, Cody Dixon, certify that:

1. I have reviewed the Complaint and authorize its filing and/or the filing of a Lead Plaintiff motion on my behalf.
2. I did not purchase the The Honest Company, Inc. securities that are the subject of this action at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in The Honest Company, Inc. securities during the Class Period set forth in the Complaint are as follows:

(See attached transactions)
5. I have not sought to serve, nor served, as a representative party on behalf of a class under this title during the last three years, except for the following:
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court, including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing are true and correct statements.

8/19/2021

Date



Cody Dixon

**Cody Dixon's Transactions in The Honest Company, Inc.
(HNST)**

Date	Transaction Type	Quantity	Unit Price
6/18/2021	Bought	909	\$16.2400
6/18/2021	Bought	264	\$16.2600
6/18/2021	Bought	67	\$16.2700
6/18/2021	Bought	1,868	\$16.2800
6/18/2021	Bought	1,616	\$16.2900
6/18/2021	Bought	2,395	\$16.2782

ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Lawsuit Alleges The Honest Company Misled Investors in Lead-Up to May 2021 IPO](#)
