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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CITY OF MIAMI FIRE FIGHTERS’ AND
POLICE OFFICERS’ RETIREMENT TRUST,
Individually and On Behalf of All Others
Similarly Situated,

Plaintiff,

v.

OKTA, INC., TODD MCKINNON, BRETT
TIGHE, MICHAEL KOUREY, WILLIAM E.
LOSCH, and DAVID BRADBURY

Defendants.

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

Plaintiff City of Miami Fire Fighters’ and Police Officers’ Retirement Trust (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Okta, Inc. (“Okta” or the “Company”),

1 analysts' reports and advisories about the Company, and information readily obtainable on the
2 Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the
3 allegations set forth herein after a reasonable opportunity for discovery.

4 **NATURE OF THE ACTION**

5 1. This is a federal securities class action on behalf of a class consisting of all persons
6 and entities other than Defendants that purchased or otherwise acquired Okta securities between
7 March 5, 2021 and March 22, 2022, both dates inclusive (the "Class Period"), seeking to recover
8 damages caused by Defendants' violations of the federal securities laws and to pursue remedies
9 under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and
10 Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

11 2. Okta provides identity solutions for enterprises, small and medium-sized
12 businesses, universities, non-profits, and government agencies in the U.S. and internationally. The
13 Company offers a variety of cybersecurity products and services. Following its completed merger
14 with Auth0, Inc., a Delaware corporation ("Auth0"), on May 3, 2021 (the "Merger"), Okta began
15 providing additional Auth0 products related to cybersecurity and login solutions.

16 3. Throughout the Class Period, Defendants made materially false and misleading
17 statements regarding the Company's business, operations, and compliance policies. Specifically,
18 Defendants made false and/or misleading statements and/or failed to disclose that: (i) Okta had
19 inadequate cybersecurity controls; (ii) as a result, Okta's systems were vulnerable to data breaches;
20 (iii) Okta ultimately did experience a data breach caused by a hacking group, which potentially
21 affected hundreds of Okta customers; (iv) Okta initially did not disclose and subsequently
22 downplayed the severity of the data breach; (v) all the foregoing, once revealed, was likely to have
23 a material negative impact on Okta's business, financial condition, and reputation; and (vi) as a
24 result, the Company's public statements were materially false and misleading at all relevant times.
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1 4. On or around March 21, 2022, hackers known as LAPSUS\$ posted screenshots on
2 their Telegram¹ channel showing what they claimed was Okta’s internal company environment.
3 Thereafter, on March 22, 2022, the Company’s Chief Executive Officer (“CEO”), Defendant Todd
4 McKinnon (“McKinnon”), posted a statement on his Twitter account, disclosing that, “[i]n late
5 January 2022, Okta detected an *attempt* to compromise the account of a third party customer
6 support engineer working for one of our subprocessors” (emphasis added); that “[t]he matter was
7 investigated and contained by the subprocessor”; that “[w]e believe the screenshots shared online
8 are connected to this January event”; and that, “[b]ased on our investigation to date, there is no
9 evidence of ongoing malicious activity beyond the activity detected in January.”
10

11 5. On this news, Okta’s stock price fell \$2.98 per share, or 1.76%, to close at \$166.43
12 per share on March 22, 2022.
13

14 6. Later, on March 22, 2022, during after-market hours, in a statement on Okta’s
15 website, the Company’s Chief Security Officer (“CSO”), Defendant David Bradbury
16 (“Bradbury”), disclosed, *inter alia*, that “[a]fter a thorough analysis of [the LAPSUS\$] claims, we
17 have concluded that a small percentage of customers – approximately 2.5% – have potentially been
18 impacted and whose data may have been viewed or acted upon.”
19

20 7. Following Okta’s updated statement, multiple news outlets reported that hundreds
21 of the Company’s clients were potentially affected by the January 2022 data breach. For example,
22 on March 23, 2022, *CNN* published an article entitled “Okta concedes hundreds of clients could
23 be affected by breach[,]” noting that, despite the Company’s statement that “a small percentage of
24 customers – approximately 2.5% – have potentially been impacted[,]” the Company “has over
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¹ Telegram is a cloud-based instant-messaging service.

1 15,000 customers, according to its website.” That same day, *Reuters* and others published similar
2 reports.

3 8. Separately, Okta was downgraded by Raymond James from “strong buy” to
4 “market perform,” noting, among other things, that “[w]hile partners were willing to trust Okta’s
5 track record, the handling of its latest security incident adds to our mounting concerns.”
6

7 9. Following Okta’s after-market update and Raymond James downgrade, the
8 Company’s stock price fell \$17.88 per share, or 10.74%, to close at \$148.55 per share on March
9 23, 2022.

10 10. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline
11 in the market value of the Company’s securities, Plaintiff and other Class members have suffered
12 significant losses and damages.

13 **JURISDICTION AND VENUE**
14

15 11. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of
16 the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the
17 SEC (17 C.F.R. § 240.10b-5).

18 12. This Court has jurisdiction over the subject matter of this action pursuant to 28
19 U.S.C. § 1331 and Section 27 of the Exchange Act.

20 13. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act
21 (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Okta is headquartered in this Judicial District,
22 Defendants conduct business in this Judicial District, and a significant portion of Defendants’
23 activities took place within this Judicial District.
24

25 14. In connection with the acts alleged in this complaint, Defendants, directly or
26 indirectly, used the means and instrumentalities of interstate commerce, including, but not limited
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1 to, the mails, interstate telephone communications, and the facilities of the national securities
2 markets.

3 **PARTIES**

4 15. Plaintiff, as set forth in the attached Certification, acquired Okta securities at
5 artificially inflated prices during the Class Period and was damaged upon the revelation of the
6 alleged corrective disclosures.

7
8 16. Defendant Okta is a Delaware corporation with principal executive offices located
9 at 100 First Street, Suite 600, San Francisco, California 94105. Okta's Class A common stock
10 trades in an efficient market on the Nasdaq Stock Market ("NASDAQ") under the trading symbol
11 "OKTA".

12 17. Defendant McKinnon has served as Okta's CEO at all relevant times. McKinnon
13 is also a co-founder of the Company.

14
15 18. Defendant Brett Tighe ("Tighe") has served as Okta's Chief Financial Officer
16 ("CFO") since January 2022. Tighe also served as the Company's interim CFO from June 2021
17 to his appointment as permanent CFO in January 2022.

18 19. Defendant Michael Kourey ("Kourey") served as Okta's CFO from March 2021 to
19 June 2021.

20 20. Defendant William E. Losch ("Losch") served as Okta's CFO from before the start
21 of the Class Period to March 2021.

22 21. Defendant Bradbury has served as Okta's CSO at all relevant times.

23 22. Defendants McKinnon, Tighe, Kourey, Losch, and Bradbury are sometimes
24 referred to herein as the "Individual Defendants."

25 23. The Individual Defendants possessed the power and authority to control the
26 contents of Okta's SEC filings, press releases, and other market communications. The Individual
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1 Defendants were provided with copies of Okta’s SEC filings and press releases alleged herein to
2 be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent
3 their issuance or to cause them to be corrected. Because of their positions with Okta, and their
4 access to material information available to them but not to the public, the Individual Defendants
5 knew that the adverse facts specified herein had not been disclosed to and were being concealed
6 from the public, and that the positive representations being made were then materially false and
7 misleading. The Individual Defendants are liable for the false statements and omissions pleaded
8 herein.
9

10 **SUBSTANTIVE ALLEGATIONS**

11 **Background**

12 24. Okta provides identity solutions for enterprises, small and medium-sized
13 businesses, universities, non-profits, and government agencies in the U.S. and internationally. The
14 Company offers a variety of cybersecurity products and services. Following the completed Merger
15 with Auth0 on May 3, 2021, Okta began providing additional Auth0 products related to
16 cybersecurity and login solutions.
17

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

19 25. The Class Period begins on March 5, 2021, the day after Okta filed an annual report
20 on Form 10-K with the SEC, reporting the Company’s financial and operating results for its fiscal
21 fourth quarter and year ended January 31, 2021 (the “2021 10-K”). In discussing generic, potential
22 risks related to data breaches, that filing simultaneously assured investors, in relevant part, that
23 Okta had made “significant efforts to create security barriers to such threats” and that “[t]he
24 security measures we have integrated into our internal systems and platform . . . are designed to
25 detect unauthorized activity and prevent or minimize security breaches[.]”
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1 26. Appended as an exhibit to the 2021 10-K were signed certifications pursuant to the
2 Sarbanes-Oxley Act of 2002 (“SOX”), wherein Defendants McKinnon and Losch certified that
3 “[t]he Company’s [2021 10-K] fully complies with the requirements of Section 13(a) or Section
4 15(d) of the Exchange Act” and that “[t]he information contained in the [2021 10-K] fairly
5 presents, in all material respects, the financial condition and results of operations of the Company.”
6

7 27. On May 3, 2021, Okta issued a press release announcing the completion of the
8 Merger with Auth0. That press release stated, in relevant part:

9 Both Okta’s and Auth0’s platforms will be supported, invested in, and integrated
10 over time — accelerating innovation and making the Okta Identity Cloud even
11 more compelling for the full spectrum of customers and users.

12 * * *

13 Okta’s and Auth0’s comprehensive, complementary, and flexible identity platforms
14 solve every identity use case, regardless of the audience or user . . . With combined
15 expertise across developer communities and the enterprise, Okta and Auth0 will
16 provide enhanced depth and breadth of identity solutions and will be even better
17 suited to integrate quickly into the modern tech stack of today’s developers.

18 28. On May 26, 2021, Okta issued a press release announcing the Company’s financial
19 results for its first quarter ended April 30, 2021. That press release quoted Defendant McKinnon,
20 who represented, in relevant part: “With the closing of the Auth0 acquisition earlier this month,
21 we are further enhancing Okta’s market-leading identity platform, enabling us to provide even
22 more choice and unprecedented innovation to customers and developers.”

23 29. On May 27, 2021, Okta filed a quarterly report on Form 10-Q with the SEC,
24 reporting the Company’s financial and operating results for the quarter ended April 30, 2021 (the
25 “1Q22 10-Q”). That filing contained the same statements as referenced in ¶ 25, *supra*, regarding
26 Okta’s cybersecurity measures.

27 30. Appended as an exhibit to the 1Q22 10-Q were substantively the same SOX
28 certifications as referenced in in ¶ 26, *supra*, signed by Defendants McKinnon and Kourey.

1 31. On September 2, 2021, Okta filed a quarterly report on Form 10-Q with the SEC,
2 reporting the Company’s financial and operating results for the quarter ended July 31, 2021 (the
3 “2Q22 10-Q”). That filing contained the same statements as referenced in ¶ 25, *supra*, regarding
4 Okta’s cybersecurity measures.

5 32. Additionally, with respect to Okta’s acquired Auth0 business, the 2Q22 10-Q
6 stated, in relevant part, that “[t]he Company expects to combine Auth0’s developer-centric identity
7 solution with the Company’s Okta Identity Cloud to drive synergies, product options and value for
8 current and future customers.”

9 33. Appended as an exhibit to the 2Q22 10-Q were substantively the same SOX
10 certifications as referenced in in ¶ 26, *supra*, signed by Defendants McKinnon and Tighe.

11 34. On December 2, 2021, Okta filed a quarterly report on Form 10-Q with the SEC,
12 reporting the Company’s financial and operating results for the quarter ended October 31, 2021
13 (the “3Q22 10-Q”). That filing contained the same statements as referenced in ¶ 25, *supra*,
14 regarding Okta’s cybersecurity measures.

15 35. Appended as an exhibit to the 3Q22 10-Q were substantively the same SOX
16 certifications as referenced in in ¶ 26, *supra*, signed by Defendants McKinnon and Tighe.

17 36. On March 7, 2022, Okta filed an annual report on Form 10-K with the SEC,
18 reporting the Company’s financial and operating results for its fiscal fourth quarter and year ended
19 January 31, 2022 (the “2022 10-K”). That filing contained the same statements as referenced in ¶
20 25, *supra*, regarding Okta’s cybersecurity measures.

21 37. Appended as an exhibit to the 2022 10-K were substantively the same SOX
22 certifications as referenced in in ¶ 26, *supra*, signed by Defendants McKinnon and Tighe.

23 38. The statements referenced in ¶¶ 25-37 were materially false and misleading because
24 Defendants made false and/or misleading statements, as well as failed to disclose material adverse
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1 facts about the Company's business, operations, and compliance policies. Specifically,
2 Defendants made false and/or misleading statements and/or failed to disclose that: (i) Okta had
3 inadequate cybersecurity controls; (ii) as a result, Okta's systems were vulnerable to data breaches;
4 (iii) Okta ultimately did experience a data breach caused by a hacking group, which potentially
5 affected hundreds of Okta customers; (iv) Okta initially did not disclose the data breach; (v) all the
6 foregoing, once revealed, was likely to have a material negative impact on Okta's business,
7 financial condition, and reputation; and (vi) as a result, the Company's public statements were
8 materially false and misleading at all relevant times.
9

10 **The Truth Begins to Emerge**

11 39. On or around March 21, 2022, hackers known as LAPSUS\$ posted screenshots on
12 their Telegram channel showing what they claimed was Okta's internal company environment.
13 Thereafter, on March 22, 2022, Defendant McKinnon posted a statement on his Twitter account,
14 disclosing the following:
15

16 In late January 2022, Okta detected an attempt to compromise the account of a third
17 party customer support engineer working for one of our subprocessors. The matter
18 was investigated and contained by the subprocessor. (1 of 2)

19 * * *

20 We believe the screenshots shared online are connected to this January event. Based
21 on our investigation to date, there is no evidence of ongoing malicious activity
22 beyond the activity detected in January. (2 of 2)

23 40. On this news, Okta's stock price fell \$2.98 per share, or 1.76%, to close at \$166.43
24 per share on March 22, 2022. Despite this decline in the Company's stock price, Okta securities
25 continued to trade at artificially inflated prices throughout the remainder of the Class Period as a
26 result of Defendants' continued misrepresentations and omissions regarding the true scope and
27 severity of the data breach.
28

1 41. For example, in answering an individual’s reply to the same March 22, 2022 Twitter
2 post, which questioned why “Okta gives ‘superuser’ access to customer tenants to people who are
3 not Okta employees[,]” Defendant McKinnon downplayed the level of access a potential breach
4 would have afforded any malicious actors, stating as follows:

5 Let’s be clear. Nobody had “SuperUser admin”. Support reps have access to a
6 support tool with the (unfortunate) name of SuperUser. What they do with that tool
7 is limited to what a support rep needs. It’s built with “Least privileges” in mind.
8 Our blog has more detail.

9 In response, other individuals continued to reply to Defendant McKinnon’s Twitter post—and
10 went unanswered—questioning whether there was “[a]ny proof[.]” regarding the data breach and
11 whether “the ‘attempt’ [was] successful?”

12 42. Also on March 22, 2022, Okta published an “Official Okta Statement on LAPSUS\$
13 Claims” on the Company’s website, wherein Okta’s CSO, Defendant Bradbury, assured investors,
14 in relevant part:

15 ***The Okta service has not been breached*** and remains fully operational. There are
16 no corrective actions that need to be taken by our customers.

17 In January 2022, Okta detected an ***unsuccessful*** attempt to compromise the account
18 of a customer support engineer working for a third-party provider. As part of our
19 regular procedures, we alerted the provider to the situation, while simultaneously
20 terminating the user’s active Okta sessions and suspending the individual’s
21 account. Following those actions, we shared pertinent information (including
22 suspicious IP addresses) to supplement their investigation, which was supported by
23 a third-party forensics firm.

24 Following the completion of the service provider’s investigation, we received a
25 report from the forensics firm this week. The report highlighted that there was a
26 five-day window of time between January 16-21, 2022, where an attacker had
27 access to a support engineer’s laptop. This is consistent with the screenshots that
28 we became aware of yesterday.

***The potential impact to Okta customers is limited to the access that support
engineers have.*** These engineers are unable to create or delete users, or download
customer databases. Support engineers do have access to limited data - for example,
Jira tickets and lists of users - that were seen in the screenshots. Support engineers
are also able to facilitate the resetting of passwords and multi-factor authentication
factors for users, but are unable to obtain those passwords.

1 We are actively continuing our investigation, including identifying and contacting
2 those customers that may have been impacted. There is no impact to Auth0
3 customers, and there is no impact to HIPAA and FedRAMP customers.

4 We take our responsibility to protect and secure our customers' information very
5 seriously. *We are deeply committed to transparency* and will communicate
6 additional updates when available.

(Emphases added.)

7 43. The statements referenced in ¶¶ 39 and 41-42 were materially false and misleading
8 because Defendants made false and/or misleading statements, as well as failed to disclose material
9 adverse facts about the Company's business, operations, and compliance policies. Specifically,
10 Defendants made false and/or misleading statements and/or failed to disclose that: (i) Okta had
11 inadequate cybersecurity controls; (ii) as a result, Okta's systems were vulnerable to data breaches;
12 (iii) Okta ultimately did experience a data breach caused by a hacking group, which potentially
13 affected hundreds of Okta customers; (iv) Okta downplayed the severity of the data breach; (v) all
14 the foregoing, once revealed, was likely to have a material negative impact on Okta's business,
15 financial condition, and reputation; and (vi) as a result, the Company's public statements were
16 materially false and misleading at all relevant times.

17 The Truth Fully Emerges

18 44. On March 22, 2022, during after-market hours, in a statement on Okta's website,
19 Defendant Bradbury revealed, in relevant part:

20 As we shared earlier today, we are conducting a thorough investigation into the
21 recent LAPSUS\$ claims and any impact on our valued customers. The Okta service
22 is fully operational, and there are no corrective actions our customers need to take.

23 *After a thorough analysis of these claims, we have concluded that a small*
24 *percentage of customers – approximately 2.5% – have potentially been impacted*
25 *and whose data may have been viewed or acted upon.* We have identified those
26 customers and already reached out directly by email. We are sharing this interim
27 update, consistent with our values of customer success, integrity, and transparency.

1 Our customers are our pride, purpose, and #1 priority. We take our responsibility
2 to protect and secure customers' information very seriously. We deeply apologize
3 for the inconvenience and uncertainty this has caused.

(Emphasis added.)

4 45. Following Okta's updated statement, multiple news outlets reported that hundreds
5 of the Company's clients were potentially affected by the January 2022 data breach. For example,
6 on March 23, 2022, *CNN* published an article entitled "Okta concedes hundreds of clients could
7 be affected by breach[.]" noting that, despite the Company's statement that "a small percentage of
8 customers – approximately 2.5% – have potentially been impacted[.]" the Company "has over
9 15,000 customers, according to its website." That same day, *Reuters* and others published similar
10 reports.
11

12 46. Separately, Okta was downgraded by Raymond James from "strong buy" to
13 "market perform," noting, among other things, that "[w]hile partners were willing to trust Okta's
14 track record, the handling of its latest security incident adds to our mounting concerns."
15

16 47. Following Okta's after-market update and Raymond James downgrade, the
17 Company's stock price fell \$17.88 per share, or 10.74%, to close at \$148.55 per share on March
18 23, 2022.

19 48. As a result of Defendants' wrongful acts and omissions, and the precipitous decline
20 in the market value of the Company's securities, Plaintiff and other Class members have suffered
21 significant losses and damages.
22

23 **Post-Class Period Developments**

24 49. Between March 23 and March 24, 2022, news outlets reported that the suspected
25 LAPSUS\$ hackers behind Okta's January 2022 data breach were teenagers. For example, on
26 March 23, 2022, *Bloomberg* reported that researchers investigating LAPSUS\$ "have traced the
27 attacks to a 16-year-old living at his mother's house near Oxford, England[.]" who "they believe .
28

1 . . . is the mastermind.” Similarly, on March 24, 2022, *Bloomberg* reported that “London police
2 arrested seven people in the U.K. on Thursday in connection with an investigation into” LAPSUS\$,
3 and that “[t]he suspects, ages 16 to 21, have been released under investigation[.]”

4 50. On March 25, 2022, as part of an FAQ regarding the January 2022 data breach,
5 Okta apologized for not notifying customers regarding the cybersecurity attack in January when it
6 was initially discovered. That statement stated, in relevant part:
7

8 **Why didn’t Okta notify customers in January?**

9 We want to acknowledge that we made a mistake. Sitel is our service provider for
10 which we are ultimately responsible.

11 In January, we did not know the extent of the Sitel issue – only that we detected
12 and prevented an account takeover attempt and that Sitel had retained a third party
13 forensic firm to investigate. At that time, we didn’t recognize that there was a risk
14 to Okta and our customers. We should have more actively and forcefully compelled
15 information from Sitel.

16 In light of the evidence that we have gathered in the last week, it is clear that we
17 would have made a different decision if we had been in possession of all of the facts
18 that we have today.

19 (Emphasis in original.)

20 51. Following these additional developments, Okta’s stock price closed as low as
21 \$138.11 per share on March 25, 2022.

22 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

23 52. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
24 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise
25 acquired Okta securities during the Class Period (the “Class”); and were damaged upon the
26 revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein,
27 the officers and directors of the Company, at all relevant times, members of their immediate
28 families and their legal representatives, heirs, successors or assigns and any entity in which
Defendants have or had a controlling interest.

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

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

14 55. Plaintiff will fairly and adequately protect the interests of the members of the Class
15 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has
16 no interests antagonistic to or in conflict with those of the Class.
17

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

- 21 • whether the federal securities laws were violated by Defendants' acts as alleged
22 herein;
- 23 • whether statements made by Defendants to the investing public during the Class
24 Period misrepresented material facts about the business, operations and
25 management of Okta;
- 26 • whether the Individual Defendants caused Okta to issue false and misleading
27 financial statements during the Class Period;
- 28 • whether Defendants acted knowingly or recklessly in issuing false and misleading
financial statements;

- 1 • whether the prices of Okta securities during the Class Period were artificially
2 inflated because of the Defendants' conduct complained of herein; and
- 3 • whether the members of the Class have sustained damages and, if so, what is the
4 proper measure of damages.

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

10 58. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-
11 on-the-market doctrine in that:

- 12 • Defendants made public misrepresentations or failed to disclose material facts
13 during the Class Period;
- 14 • the omissions and misrepresentations were material;
- 15 • Okta securities are traded in an efficient market;
- 16 • the Company's shares were liquid and traded with moderate to heavy volume
17 during the Class Period;
- 18 • the Company traded on the NASDAQ and was covered by multiple analysts;
- 19 • the misrepresentations and omissions alleged would tend to induce a reasonable
20 investor to misjudge the value of the Company's securities; and
- 21 • Plaintiff and members of the Class purchased, acquired and/or sold Okta
22 securities between the time the Defendants failed to disclose or misrepresented
23 material facts and the time the true facts were disclosed, without knowledge of
24 the omitted or misrepresented facts.

25 59. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a
26 presumption of reliance upon the integrity of the market.

27 60. Alternatively, Plaintiff and the members of the Class are entitled to the presumption
28 of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v.*

1 *United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in
2 their Class Period statements in violation of a duty to disclose such information, as detailed above.

3
4 **COUNT I**

5 **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder**
6 **Against All Defendants)**

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

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

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

23
24 64. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the
25 Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly
26 and annual reports, SEC filings, press releases and other statements and documents described
27 above, including statements made to securities analysts and the media that were designed to
28

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

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

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14
15 66. Information showing that Defendants acted knowingly or with reckless disregard
16 for the truth is peculiarly within Defendants' knowledge and control. As the senior managers
17 and/or directors of Okta, the Individual Defendants had knowledge of the details of Okta's internal
18 affairs.

19 67. The Individual Defendants are liable both directly and indirectly for the wrongs
20 complained of herein. Because of their positions of control and authority, the Individual
21 Defendants were able to and did, directly or indirectly, control the content of the statements of
22 Okta. As officers and/or directors of a publicly-held company, the Individual Defendants had a
23 duty to disseminate timely, accurate, and truthful information with respect to Okta's businesses,
24 operations, future financial condition and future prospects. As a result of the dissemination of the
25 aforementioned false and misleading reports, releases and public statements, the market price of
26 Okta securities was artificially inflated throughout the Class Period. In ignorance of the adverse
27
28

1 facts concerning Okta's business and financial condition which were concealed by Defendants,
2 Plaintiff and the other members of the Class purchased or otherwise acquired Okta securities at
3 artificially inflated prices and relied upon the price of the securities, the integrity of the market for
4 the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

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

17
18 69. By reason of the conduct alleged herein, Defendants knowingly or recklessly,
19 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
20 promulgated thereunder.

21
22 70. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the
23 other members of the Class suffered damages in connection with their respective purchases,
24 acquisitions and sales of the Company's securities during the Class Period, upon the disclosure
25 that the Company had been disseminating misrepresented financial statements to the investing
26 public.

COUNT II

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

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2
3 71. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing
4 paragraphs as if fully set forth herein.

5
6 72. During the Class Period, the Individual Defendants participated in the operation
7 and management of Okta, and conducted and participated, directly and indirectly, in the conduct
8 of Okta's business affairs. Because of their senior positions, they knew the adverse non-public
9 information about Okta's misstatement of income and expenses and false financial statements.

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

14
15 74. Because of their positions of control and authority as senior officers, the Individual
16 Defendants were able to, and did, control the contents of the various reports, press releases and
17 public filings which Okta disseminated in the marketplace during the Class Period concerning
18 Okta's results of operations. Throughout the Class Period, the Individual Defendants exercised
19 their power and authority to cause Okta to engage in the wrongful acts complained of herein. The
20 Individual Defendants, therefore, were "controlling persons" of Okta within the meaning of
21 Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct
22 alleged which artificially inflated the market price of Okta securities.

23
24 75. Each of the Individual Defendants, therefore, acted as a controlling person of Okta.
25 By reason of their senior management positions and/or being directors of Okta, each of the
26 Individual Defendants had the power to direct the actions of, and exercised the same to cause, Okta
27 to engage in the unlawful acts and conduct complained of herein. Each of the Individual
28

1 Defendants exercised control over the general operations of Okta and possessed the power to
2 control the specific activities which comprise the primary violations about which Plaintiff and the
3 other members of the Class complain.

4 76. By reason of the above conduct, the Individual Defendants are liable pursuant to
5 Section 20(a) of the Exchange Act for the violations committed by Okta.

6
7 **PRAYER FOR RELIEF**

8 **WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

9 A. Determining that the instant action may be maintained as a class action under Rule
10 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

11 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason
12 of the acts and transactions alleged herein;

13 C. Awarding Plaintiff and the other members of the Class prejudgment and post-
14 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

15 D. Awarding such other and further relief as this Court may deem just and proper.
16

17 **DEMAND FOR TRIAL BY JURY**

18 Plaintiff hereby demands a trial by jury.

19 Dated: May 20, 2022

Respectfully submitted,

POMERANTZ LLP

/s/ Jennifer Pafiti

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