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Case No. 2017-0600-

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

JAY FINK and KELVIN FARLEY, Plaintiffs, v. RENAUD LAPLANCHE, CARRIE DOLAN, DANIEL T. CIPORIN, JEFFREY CROWE, REBECCA LYNN, JOHN J. MACK, MARY MEEKER, JOHN C. MORRIS, LAWRENCE H. SUMMERS and SIMON WILLIAMS, Defendants, -and- LENDINGCLUB CORPORATION, a Delaware Corporation, Nominal Defendant.	C.A. No. _____

VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT

Plaintiffs, by their undersigned attorneys, for their verified shareholder derivative complaint, allege upon information and belief, except as to allegations about themselves, which are based upon personal knowledge, as follows:

I. SUMMARY OF CLAIMS

1. This is a shareholder derivative action under Court of Chancery Rule 23.1 on behalf of nominal defendant LendingClub Corporation ("LendingClub" or

"the Company"), a Delaware corporation. The Individual Defendants are former LendingClub executives and current and former directors, including a majority of LendingClub's current Board of Directors as of the time of the filing of this complaint.

2. LendingClub's Registration Statement, which was filed in relation to the Company's December 11, 2014 initial public offering and signed by all of the Individual Defendants, provided that LendingClub's Board of Directors was responsible for overseeing corporate governance, risk management, and financial risk exposure, including monitoring the integrity of the Company's financial statements and internal controls over financial reporting, and ensuring that any related party transactions were properly reviewed, approved or ratified.

3. Throughout the period December 11, 2014 and continuing through May 9, 2016 (the "Relevant Period"), the Individual Defendants breached their fiduciary duties to LendingClub by failing to institute adequate internal controls regarding financial disclosures, related party transactions, and data integrity and security, all while causing LendingClub to represent in the Registration Statement and a series of subsequent filings that such controls were sufficient.

4. On May 9, 2016, LendingClub filed a Form 8-K with the Securities and Exchange Commission ("SEC") announcing the resignation of its founder and CEO, Renaud Laplanche ("Laplanche"). The 8-K also disclosed that LendingClub

had sold a single investor $22 million in loans through its platform in direct contravention of that lender's express instructions; "certain personnel" had been aware of the nonconformance; and application dates for some of those loans had been changed in the Company's database in order to obscure the discrepancy. In addition, "personal interests" in a family of funds managed by Cirrix Capital, L.P. ("Cirrix"), in which the Company had just invested $10 million, had not been divulged prior to the Company's decision to invest. It was later revealed that those "personal interests" were held by Laplanche and a Board member, defendant John J. Mack ("Mack").

5. Over the next few months, LendingClub disclosed four additional problems: (1) the Company had failed to appropriately document or obtain authorizations of investor contract amendments, and as a result, had been unable to ensure that it fulfilled its related disclosure requirements in a timely manner; (2) the Company had a "gap in preventative controls related to data management" necessitating substantial enhancements in order to ensure that those controls conformed to "best practices"; (3) LendingClub had improperly inflated net asset values for six private investment funds managed by its subsidiary, LC Advisors, LLC ("LCA"), which had caused it to report inflated returns in violation of Generally Accepted Accounting Procedures ("GAAP") and overcharge its limited partners; and (4) Laplanche and his family members had invested in 32 loans made

through the Company's platform "in order to help increase reported platform loan volume."

6. LendingClub ultimately determined that all of the aforementioned problems were attributable to deficiencies in its internal controls over financial matters, related party transactions and data integrity and security, which had been present from at least December 31, 2015 through September 31, 2016. As discussed below, those deficiencies had existed at least as far back as the Company's December 11, 2014 initial public offering (the "IPO"), and may even have been present years before the IPO occurred.

7. The Individual Defendants' breaches of their fiduciary duties have greatly harmed the Company. Since the Company's May 9, 2016 announcement, LendingClub's phenomenal growth has stalled. Loan originations, which had doubled each year from 2013 through 2015, flatlined in 2016 and have not yet shown signs of increasing during 2017. Its stock price, which fell from $6.3 to $4.7 on May 9, 2016, also has not recovered, remaining just slightly above $5 per share.

8. Furthermore, the Company has recorded nearly $100 million in expenses attributable to the Individual Defendants' wrongdoing, and their breaches of their fiduciary duties have exposed the Company to substantial liability in private securities class actions (the "Class Actions"), where claims against

LendingClub, as well as each of the Individual Defendants, have been upheld under the rigorous pleading standards for fraud. Investigations by the Department of Justice ("DOJ"), the SEC, and other government agencies are ongoing.

9. Through this derivative action, Plaintiffs seek to recoup, for the benefit of LendingClub, the expenses that the Company has incurred and will continue to incur related to the Individual Defendants' breaches of their fiduciary duties to the Company, and seek contribution and indemnification in the event the Company is found liable in the Class Action litigation arising from the Individual Defendants' wrongful conduct.

10. Demand on the LendingClub Board of Directors to assert the derivative claims is excused for futility. Seven of the Board's ten current members are Individual Defendants who are personally interested in the subject matter of this litigation, and all seven face substantial liability in the Class Actions.

II. PARTIES

11. Plaintiff Kelvin Farley ("Farley") purchased LendingClub shares on June 2, 2015 and has at all times since been a continuous holder of LendingClub shares.

12. Plaintiff Jay Fink ("Fink") purchased LendingClub shares on February 24, 2015 and has at all times since been a continuous holder of LendingClub shares.

13. Together, Farley and Fink are referred to herein as "Plaintiffs."

14. Nominal defendant LendingClub is a Delaware corporation. LendingClub's stock is listed on the New York Stock Exchange (NYSE) under the ticker symbol "LC."

15. Defendant Laplanche founded LendingClub in 2006, and served as CEO and Chairman of the Board until his forced resignation on May 6, 2016.

16. Defendant Carrie Dolan ("Dolan") served as LendingClub's Chief Financial Officer from August 2010 until her resignation on August 2, 2016.

17. Defendant Daniel T. Ciporin ("Ciporin") has continuously served on LendingClub's Board of Directors since 2007.

18. Defendant Jeffrey Crowe ("Crowe") has continuously served as a member of LendingClub's Board of Directors since 2007.

19. Defendant Rebecca Lynn ("Lynn") served on LendingClub's Board of Directors from March 2009 to June 10, 2015.

20. Defendant Mack has continuously served as a member of LendingClub's Board of Directors since 2012.

21. Defendant Mary Meeker ("Meeker") has continuously served on LendingClub's Board of Directors since 2012.

22. John C. (Hans) Morris ("Morris") has continuously served on LendingClub's Board of Directors since 2013. On May 9, 2016, Morris was

appointed to the newly created position of Executive Chairman of LendingClub, and on June 28, 2016, was named Chairman of the Board.

23. Defendant Lawrence H. Summers ("Summers") has continuously served on LendingClub's Board of Directors since 2012.

24. Defendant Simon Williams ("Williams") has continuously served on LendingClub's Board of Directors since June 2014. Mr. Williams also previously served as a member of LendingClub's Board of Directors from November 2010 to October 2011.

25. Collectively, defendants Laplanche, Dolan, Crowe, Ciporin, Lynn, Mack, Meeker, Morris, Summers and Williams are referred to herein as the "Individual Defendants."

III. SUBSTANTIVE ALLEGATIONS

A. Background

26. LendingClub is the world's largest online peer-to-peer lending marketplace. Its marketplace facilitates a variety of loan products for consumers and small businesses, including unsecured personal loans, super-prime and subprime consumer loans, unsecured education and patient finance loans, and unsecured small business loans. According to LendingClub's most recent annual report, filed on Form 10-K with the SEC on February 28, 2017, the Company's "marketplace increases efficiency and improves the borrower and investor

experience with ease of use and accessibility by substantially reducing the need for physical infrastructure and manual processes that exist in the traditional banking system."

27. The Company offers three ways in which potential lenders can invest: (1) through notes issued pursuant to a shelf registration statement; (2) through certificates issued by an independent trust; and (3) through whole loan sales.

28. With respect to investments through notes, investors can purchase all or a portion of an individual borrower's debt after reviewing borrowers' profiles on LendingClub's online marketplace. Once an investor has selected a borrower application, a partner bank originates the loan and disburses funds to the borrower. LendingClub immediately purchases the loan from the partner bank, using funds from the matched investor or investors. LendingClub then services the loan.

29. The Company's certificate investment channel is made up of funds managed by LendingClub's subsidiary, LCA. LCA manages several funds that purchase certificates for the Company's loans. Starting in 2012, a family of funds managed by Cirrix has been part of this channel. Throughout the Relevant Period, Cirrix's funds were exclusively invested in LendingClub loans.

30. With respect to investments in whole loans, LendingClub establishes accounts for investors and lays out the procedures for the purchase of these loans.

LendingClub makes representations and warranties with respect to its whole loan sales which, if breached, may subject the Company to repurchase obligations.

31. LendingClub generates revenue from loan origination fees, servicing fees and management fees. However, throughout the Relevant Period and continuing until today, loan originations are the key indicator of the Company's success. The Registration Statement for the Company's December 11, 2014 IPO provided:

> We believe originations are a key indicator of the adoption rate of our marketplace, growth of our brand, scale of our business, strength of our network effect, economic competitiveness of our products and future growth. Loan originations have grown significantly over time due to increased awareness of our brand, our high borrower and investors satisfaction rates, the effectiveness of our borrower acquisition channels, a strong track record of loan performance and the expansion of our capital resources.

32. From its founding in 2007 until the time of its IPO, LendingClub experienced phenomenal growth. By the end of 2012, LendingClub had facilitated $1 billion in loan originations. In 2013, the Company facilitated an additional $2.1 billion, and during the first nine months of 2014, LendingClub facilitated another $3 billion in loan originations.

B. The Individual Defendants Attested to the Adequacy of LendingClub's Internal Controls in LendingClub's Registration Statement Related to Its December 11, 2014 IPO

33. On August 27, 2014, the Individual Defendants caused LendingClub to file a registration statement on Form S-1 with the SEC related to the IPO. On December 8, 2014, the Individual Defendants caused LendingClub to file a final amended registration statement on Form S-1/A with the SEC. Together, the initial and amended registration statement, along with the documents incorporated therein, including the prospectus, are referred to herein as the "Registration Statement."

34. All of the Individual Defendants signed the Registration Statement.

35. The Registration Statement provided that LendingClub's whole Board of Directors was responsible for overseeing corporate governance, risk management, and financial risk exposure, including monitoring the integrity of the Company's financial statements and internal controls over financial reporting, and ensuring that any related party transactions were properly reviewed, approved or ratified. The Registration Statement also stated: "Our board of directors and our Audit Committee also oversee financial risk exposures, including monitoring the integrity of the consolidated financial statements, [and] internal control over financial reporting."

36. Through the Registration Statement, the Individual Defendants assured investors that LendingClub's internal control procedures for financial reporting, which were designed to and would have prevented self-dealing, improper processing of loan applications, alterations of key information related to loan applications, failure to approve or even consider related party transactions, failure to disclose investor contract amendments, overstatements of financial results in violation of GAAP, and misleading investors and engaging in irresponsible lending practices, were "effective at a reasonable assurance level."

37. The Registration Statement stated that LendingClub's approach to lending was "conservative" and provided:

> Our historical growth rates reflect a deliberate strategy of balancing loan originations in a manner that allowed us to build and develop the various enterprise functions to support our scale, including customer support, operations, risk controls, compliance and technology.

38. Further, the Registration Statement stated that, unlike banks, "[LendingClub does] not assume credit risk or use [its] own capital to invest in loans facilitated by [its] marketplace, except in limited circumstances and in amounts that are not material."

39. The Registration Statement also stated that prospective lenders using its marketplace were provided "equal access" to loans, and "a level playing field with the same tools, data, and access for all investors, small and large, within a fair

and efficient marketplace." The Registration Statement repeatedly stated that LendingClub was "transparent" with the lenders using its platform, emphasizing that it used "proprietary algorithms" as well as traditional risk assessment tools, such as FICO scores, to assess borrowers' risk profiles, and that investors could accurately "build or modify customized and diversified portfolios by selecting loans tailored to their investment objectives."

40. Finally, the Registration Statement stated that the Company's internal controls related to data integrity and security represented industry "best practices." The Registration Statement provided:

> Key elements of our technology include:
>
> * * *
>
> *Data Integrity and Security*. We maintain an effective information security program based on well-established security standards and best practices, such as ISO2700x and NIST 800 series. The program establishes policies and procedures to safeguard the confidentiality, integrity and availability of borrower and investor information. The program also addresses risk assessment, training, access control, encryption, service provider oversight, an incident response program and continuous monitoring and review.

41. On December 11, 2014, LendingClub registered 66,700,000 shares of its common stock through its IPO at an initial offering price of $15.00 per share.

C. From the Time of the IPO Until the End of the Relevant Period, the Individual Defendants Caused LendingClub to Continue to Assure Investors that LendingClub Employed Sufficient Internal Controls

42. Following the December 11, 2014 IPO and throughout the Relevant Period, the Individual Defendants continued to approve and sign SEC filings that assured investors that LendingClub's internal controls over financial reporting, related party transactions, and data security remained effective. Their assurances to investors, included in the Registration Statement, that they oversaw LendingClub's "financial risk exposures, including monitoring the integrity of the consolidated financial statements, [and] internal control over financial reporting" were never contradicted during the Relevant Period.

43. On February 27, 2015, LendingClub filed its annual report for 2014 on Form 10-K with the SEC. The 10-K was signed by all of the Individual Defendants. The February 27, 2015 10-K reiterated representations previously made in the Registration Statement that the Company's internal controls over financial procedures "were effective at a reasonable assurance level"; that the Company did not "assume credit risk or use its own capital to invest in loans facilitated by [its] marketplace"; that prospective lenders using its marketplace were treated to a "level playing field" and given the tools to accurately select borrowers whose applications had been assessed using the Company's "proprietary

algorithms," as well as traditional risk assessment tools; and that its data security and integrity practices represented industry "best standards."

44. On May 5, 2015, August 5, 2015 and November 3, 2015, respectively, the Individual Defendants caused LendingClub to report in its Form 10-Q's for the first three quarters of 2015 that LendingClub's "disclosure controls and procedures were effective" as of the end of each reported-upon quarter. Further, the Individual Defendants caused LendingClub to state, in all three quarterly reports, that "[n]o change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) was identified" during the relevant quarter. And all three 10-Q's reiterated the Individual Defendants' prior statements that the Company did not "assume credit risk" or use its "own capital to invest in loans facilitated by our marketplace, except in limited circumstances and in amounts that are not material." The 2015 10-Q's were each signed by defendants Laplanche and Dolan and were incorporated in the Company's February 22, 2016 10-K by reference, which was signed by defendants Laplanche, Dolan, Crowe, Meeker, Morris and Williams.

45. On February 22, 2016, the Individual Defendants caused LendingClub to file its 2015 annual report on Form 10-K with the SEC. The 10-K reiterated the Individual Defendants' prior representations that the Company's internal controls over financial disclosures and procedures "were effective at a reasonable assurance

level," and identified no changes to those controls since September 30, 2015. The 10-K also reiterated their prior representations that the Company's data security and integrity practices represented industry "best standards." The 10-K further stated that the Company's "business model is not dependent on using our balance sheet and assuming credit risk for loans facilitated by our marketplace," and stated that LendingClub provided prospective lenders the tools needed to accurately and precisely select borrowers whose applications had been assessed using the Company's "proprietary algorithms," as well as traditional risk assessment tools. With respect to related-party transactions, the 10-K stated:

> Several of the Company's executive officers and directors … have opened investor accounts with Lending Club, made deposits and withdrawals to their accounts, and purchased notes and certificates. All note and certificate purchases made by related parties were made in the ordinary course of business and were transacted on terms and conditions that were not more favorable than those obtained by third-party investors. There were no other transactions with related parties identified during the years ended 2015, 2014 or 2013.

D. On April 26, 2016, The Truth Begins to Emerge

46. On April 26, 2016, in a proxy statement filed with the SEC, the first inkling of deficiencies in the Company's internal controls emerged. Under the heading, "Related Party Transactions," the proxy stated:

> At December 31, 2015, Mr. Laplanche and Mr. Mack owned approximately 2% and 10%, respectively, of limited partnership interests in a holding company that participates in a family of funds with other unrelated third parties, which purchase whole loans and

> interests in whole loans from the Company. During the year ended December 31, 2015, this family of funds purchased $139.6 million of whole loans and $34.9 million of interests in whole loans. During the year ended December 31, 2015, the Company earned $636,000 in servicing fees and $357,000 in management fees from this family of funds, and paid interest of $7.4 million to the family of funds. …
>
> Subsequent to December 31, 2015, the Company invested $10 million for an approximate 15% limited partnership interest in the holding company and Mr. Laplanche invested an additional $4.0 million for an approximate 8% limited partnership interest in the holding company. The Risk Committee reviewed and approved the investment of $10 million in the holding company. As of close of business April 1, 2016, the Company, Mr. Laplanche and Mr. Mack owned approximately 31% of limited partnership interests in the holding company.

47. The holding company referenced in the proxy statement was later identified as Cirrix. Cirrix had been formed in 2012 for the sole purpose of purchasing loans from LendingClub. From inception, LendingClub had provided Cirrix with a credit-support agreement under which LendingClub had assumed millions of dollars of risk for the loans it sold to Cirrix. In the last quarter before LendingClub's IPO, Cirrix's $18 million in loan purchases represented twenty percent of LendingClub's loan origination growth and nearly five percent of its total sales of whole loans.

E. LendingClub's Shocking Announcement on May 9, 2016

48. On May 9, 2016, the Company announced, in a Form 8-K filing with the SEC, that, "on May 6, 2016, the board of directors had accepted the resignation of Renaud Laplanche as Chairman and CEO."

49. The 8-K filing revealed that Laplanche's resignation had followed discovery of "material weaknesses in internal control over financial reporting," which had led to sales of $22 million in near-prime loans to a single investor, in contravention of the investor's express instructions. According to the 8-K, "certain personnel" had been aware that the sales did not adhere to the investor's instructions, and the application dates for 361 of the loans, representing $3.0 million in loans, had been changed.[1]

50. According to the 8-K, material weaknesses in internal control had also led to a failure to disclose "personal interests" in Cirrix at the time the Board's Risk Committee was reviewing and approving the Company's $10 million investment in the fund."[2] The "personal interests" in Cirrix apparently referred to Laplanche's and Mack's investments.

51. The 8-K stated that Scott Sanborn had been appointed acting CEO, and defendant Morris had assumed the newly created role of Executive Chairman of the Board.

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[1] The "single investor" referenced in Lending Club's SEC filing was later identified as Jefferies LLC ("Jefferies").

[2] Later SEC filings stated that "some of" the Risk Committee members were unaware of these relationships prior to their approval of Lending Club's purchase of ten percent of Cirrix, suggesting that some of the Risk Committee members nonetheless were aware of Laplanche's and Mack's investments at least as early as the first quarter of 2016.

F. Subsequent SEC Filings in May 2016 Delivered More Bad News About the Company's Internal Controls

52. On May 16, 2016, LendingClub filed its 10-Q for the period ended March 31, 2016. The May 16, 2016 10-Q augmented the Company's prior disclosure regarding its defective internal controls and procedures, specifically stating that, as of December 31, 2015 and March 31, 2016, an "aggregation of control deficiencies related to the Company's 'tone at the top' had caused those controls and procedures to be ineffective and not operating at a reasonable assurance level."

53. According to the 10-Q, LendingClub's internal controls were inadequate to provide reasonable assurance that:

(a) the Company maintained an effective control environment, compliance with the Company's Code of Conduct and Ethics Policy, and set an appropriate "tone at the top";

(b) related-party transactions were disclosed to the Company's reporting function;

(c) the Company's loans conformed to loan investors' purchase requirements; and

(d) there were full and required communications by management to LendingClub's risk and financial accounting departments, and appropriate oversight of investor contract amendments, particularly for those that could require material changes to LendingClub's financial statements.

54. With respect to LendingClub's sale of $22 million in loans to Jefferies, despite those loans' failure to adhere to Jefferies' investment criteria, and

the related alteration of those loans' application dates, the 10-Q stated that weaknesses in its internal controls had allowed "the circumvention of controls designed to ensure that investor portfolios are reviewed for adherence, and do adhere, to the investor's instructions," and that "the Company had not designed and implemented an additional level of review and approval for live database changes that impact high risk fields to provide reasonable assurance that all loans allocated comply with investor instructions."

55. With respect to Laplanche's and Mack's investments in Cirrix, the 10-Q disclosed that those investments had occurred in both 2015 and 2016, and attributed material weaknesses in its internal controls to the Board's failure to review and approve or disapprove those investments, as required by the Company's Code of Conduct and Ethics and other Company policies. The 10-Q further provided that, because of those deficiencies, the Risk Committee "approved an investment by the Company in Cirrix Capital, L.P. without all committee members being aware of the prior investments by [Laplanche and Mack]."

56. The 10-Q stated that the Company's controls were not effective to ensure that information about related party investments was communicated to the relevant committees, including the Audit and Risk Committees, on a timely basis. Further, the Company's process to identify related party investments had not been adequately designed to ensure that such investments were appropriately reported.

57. The 10-Q also identified previously undisclosed problems with investor contract amendments attributable to material weaknesses in its internal controls. Specifically, deficiencies in internal controls related to contract amendments failed to ensure that controls related to those amendments were consistently followed. The 10-Q noted that in 2015 and the first quarter of 2016, the Company failed to appropriately document or obtain authorizations of contract amendments with platform investors, to assess the impact of such amendments on pre-existing agreements, and to communicate those amendments to the appropriate departments. As a result, the Company's accounting function was not always made aware of these amendments on a timely basis in order to enable it to assess the extent of any corresponding financial impacts or disclosure requirements in a timely manner.

58. The 10-Q stated that the Board planned to implement a number of changes in the Company's internal controls over financial reporting to remediate the identified deficiencies, including implementing new controls regarding related party transactions, investor contract amendments and live database changes.

59. On May 16, 2016, LendingClub also filed a Form 8-K announcement with the SEC. The 8-K discussed deficiencies in the Company's internal controls related to data management and security. In the 8-K, the Company stated that it had "a gap in preventative controls related to data management," and described

"enhancements" that it was implementing to provide basic protections against manipulation in order to correct this defect, including:

- Enhancing the testing of data changes prior to deployment based on the risk of the change
- Reviewing change requests for key data attributes, prior to implementation, by the Internal Audit Team
- Validating that change requests for key data attributes have been properly executed
- Expanding the number of data fields that are logged for the changes
- Monitoring logs for key changes
- Refreshing training/communication on data change management processes
- Enhancing the end-to-end testing framework
- …. [and] implementing appropriate best practices.

G. The Individual Defendants' Breaches of Their Fiduciary Duties Dramatically Reduced LendingClub's Stock Value and Prospects for Growth

60. LendingClub's stock price dropped substantially when news of the deficiencies in its internal controls broke. At the close of trading on May 6, 2016, LendingClub's stock sold for $7.10 per share; by the end of the day on May 9, 2016, its price had fallen to $4.62, and remained below $5.00 per share at the end of that month.

61. In addition, analysts slashed their ratings and price targets for LendingClub stock, and predicted that retail and institutional investors would either stop purchasing loans from the Company, or demand concessions in return for their continued business.

62. These predictions proved to be correct. Shortly after LendingClub's May 9, 2016 announcement, Jefferies and another Wall Street bank, Goldman Sachs, paused their investments in LendingClub in order to assess the situation, and 200 community banks that had purchased approximately $200 million of LendingClub loans also halted their lending. In response, Lending Club paid approximately $14 million in incentives in order to persuade investors to continue to use its platform.

H. On June 28, 2016, LendingClub Disclosed Further Deficiencies in Its Internal Controls

63. On June 28, 2016, in a Form 8-K announcement filed with the SEC, LendingClub identified two additional problems attributable to deficiencies in its internal controls over financial matters. First, Laplanche and three of his family members had invested in 32 loans made through the LendingClub platform in 2009 "in order to help increase reported platform loan volume for December 2009." Second, from March 2011 through May 2016, LendingClub had improperly inflated net asset values for six private investment funds managed by LendingClub's subsidiary, LCA, in violation of GAAP. As a result, LendingClub had reported inflated economic returns for those funds and had overcharged its limited partners. In addition, LCA's funds were "out of tolerance" with prescribed

investment parameters, because the funds had purchased loans that were about to expire on the LendingClub platform.

64. On that same day, the Company announced staff reductions of 179 positions, representing about 12 percent of LendingClub's employees, and announced that Scott Sanborn had been appointed to serve as the Company's CEO and President, effective June 27, 2016. In addition, Hans Morris had stepped down as Executive Chairman and instead assumed the role of Chairman of the Board.

65. On August 8, 2016, in a Form 8-K filing with the SEC, the Company announced the resignation of defendant Dolan as the Company's CFO, and the appointment of Sanborn and Timothy J. Mayopoulos to the Board as of August 2, 2016.

I. The Weakness in LendingClub's Internal Controls Was Not Resolved Until December 2016

66. On February 28, 2017, in its annual report for 2016 filed on Form 10-K with the SEC, the Company admitted that its internal controls over financial reporting remained ineffective through September 30, 2016. According to the 10-K, deficiencies were finally resolved as of December 31, 2016.

67. The 10-K described the steps LendingClub had taken to remediate the deficiencies in its internal controls:

- Replacement of certain senior managers and executives, including the Company's former CEO.

- The Company separated the positions of CEO and Chair of the Board, appointing an independent Board member, Hans Morris, as Chair.

- Development and implementation of trainings, led by the CEO and reinforced by executives throughout the organization, on the Company's Code of Conduct and Ethics Policy, which included raising awareness and understanding of the importance of financial reporting integrity.

- Realignment of the annual employee performance process to include consideration of employees' demonstration of the Company's values.

- Comprehensive review and validation of historical data changes on our platform, and the creation of a data change classification matrix and change approval process over live database changes.

- Further training of executives and directors on ways to identify and report conflicts of interests and related party transactions.

- Improvement of and training on the Company's policy and procedures on related party transactions.

- The Company and LC Advisors, LLC (LCA) have established a majority independent governing board of the partnerships and separately managed accounts of LCA (the Governing Board) for the Funds to provide fiduciary oversight and make binding determinations for certain actions and activities of the Funds including, but not limited to, approval of valuation policies and procedures, and review adherence to the investment restrictions and guidelines of the Funds. Further, we have realigned responsibilities for accounting and financial reporting for the Funds within the Company.

- New processes and controls designed to ensure that our investor contracts, including contract amendments, adhere to enhanced requirements established by the Risk Committee of the Board for the governance and review of contract provisions and amendments.

J. The Individual Defendants Face Substantial Liability from the Class Actions, Where Claims Against Them Have Been Upheld

68. The problems caused by the Individual Defendants' failures to fulfill their fiduciary duties to the Company, discussed above, precipitated state and federal shareholder class action litigation against LendingClub and the Individual Defendants.

69. Five putative class actions alleging violations of federal securities laws were filed in California Superior Court. All of these actions were consolidated into a single action (the "California Class Action"), entitled *In re Lending Club Corporation Shareholder Litigation*, No. CIV537300. On January 17, 2017, the California Class Action plaintiffs filed a Second Amended Consolidated Complaint alleging violations of Section 11 of the Securities Act of 1933 against LendingClub and the Individual Defendants named herein, based on allegedly false and misleading statements in the Registration Statement, as well as claims for control person liability pursuant to Section 15 of the Securities Act of 1933 against the Individual Defendants. In addition, the California Class Action plaintiffs alleged claims for violation of Section 12(a)(2) of the 1933 Act against LendingClub, Laplanche and Dolan. The Hon. Marie S. Weiner, Judge of the California Superior Court for the County of San Mateo, overruled defendants' demurrers to all of these claims, and on June 22, 2017, granted class certification.

70. Three putative class actions alleging violations of federal securities laws were filed in the United States District Court for the Northern District of

California and were consolidated under the caption *In re Lending Club Securities Litig.*, No. C 16-02627 WHA (N.D. Cal.) (the "Federal Class Action"). The Consolidated Complaint for Violation of the Federal Securities Laws, dkt. #127 alleges that: (1) LendingClub and all of the Individual Defendants named herein violated of Section 11 of the Securities Act of 1933 based on false statements in the Registration Statement; (2) based upon that same wrongdoing, the Individual Defendants also violated Section 15 of the 1933 Act; (3) LendingClub, Laplanche and Dolan violated Section 10(b) of the Securities Exchange Act of 1934 by engaging in securities fraud from the time of the IPO until May 9, 2016; and (4) LaPlanche and Dolan were also subject to control person liability pursuant to Section 20(a) of the Exchange Act. By order dated May 25, 2017, U.S. District Judge William Alsup upheld all of those claims.

71. The District Court found that the Federal Class Action plaintiffs had sufficiently alleged that LendingClub's internal controls over financial disclosures, related party transactions and data security were deficient from the time of the IPO until May 9, 2016 (which corresponds to the Relevant Period in this case). The Court reasoned that LendingClub admitted that those controls were deficient from at least December 31, 2015 until May 9, 2016; it issued consecutive quarterly reports stating that there had been no material change in those controls from the start of 2015 until the end of September of 2015; and there had been no changes in

the Company's senior leadership during the Relevant Period, indicating that the problems with "tone at the top," from which many of the deficiencies purportedly arose, were present from at least December 11, 2014 through May 9, 2016.

72. The Court further reasoned that the following allegations indicated that "LendingClub's internal controls failed to prevent inaccurate financial reporting *years* before the IPO": (1) in 2009, Laplanche took out LendingClub loans for himself and several family members in order to "increas[e] reported loan volume"; and (2) between March 2011 and May 2016, LendingClub had reported exaggerated values for loans brokered in its marketplace which were held as assets for its LCA subsidiaries, resulting in underpayments to limited partners.

73. Second, the District Court found the following allegations supported a determination that Cirrix and LendingClub were related parties at least as far back as the time of the IPO:

> *First*, the complaint alleges that "at least one news report indicate[d] that CEO Laplanche and his fellow board member's relationship with Cirrix "predated the IPO," …. The complaint further alleges that Cirrix's founding purpose as of 2012 was purchasing loans via LendingClub with the benefit of a credit-support agreement…. *Second*, the complaint specifically alleges that Cirrix's loan purchases "represent[ed] [twenty percent] of LendingClub's … loan-origination growth and nearly [five percent] of LendingClub's total sales of whole loans in the last quarter before the IPO," underscoring Cirrix's interest in LendingClub … (five percent of whole loan sales in that quarter constituted approximately eighteen million dollars total). *Third*, …

> CEO Laplanche had already shown his willingness to engage in self-dealing to inflate LendingClub's loan-origination volume.
>
> Taken together, these allegations warrant the inference that either LendingClub or Cirrix could "influence the management or operating procedure" of or "significantly influence" each other at the time of the IPO. The allegations also warrant the inference that either party might have been "prevented from fully pursuing its own separate interests" as a result of that relationship. After all, LendingClub took on a significant credit risk on Cirrix's behalf in the form of a credit-support agreement. This indicated that some of LendingClub's sales arose inorganically and that LendingClub, not Cirrix, carried the risk of loss.

Furthermore, the District Court found that allegations of Laplanche's, Mack's, and eventually LendingClub's own post-IPO investments in Cirrix additionally supported a conclusion that the parties were "related" after the IPO.

74. Finally, the District Court found that deficiencies in the Company's internal controls related to data security and integrity existed at least as far back as the time of the IPO. The Court reasoned that allegations of "'a gap in preventative controls related to data management alongside other internal control issues' [which] allowed someone at the company to improperly change the application dates for 361 loans to a single investor, totaling three million dollars," were in stark contrast to representations that the Company employed "best practices" with respect to internal controls over data integrity and security. Further, the Court concluded, "enhancements" to the Company's internal controls over data security and integrity, which were implemented after May 9, 2016, "should have already

been in place pursuant to the standards [LendingClub] touted in its registration statement."

IV. DAMAGES TO LENDINGCLUB

75. LendingClub has suffered and is likely to continue to suffer substantial damages as a result of the Individual Defendants' breaches of their fiduciary duties.

76. LendingClub's phenomenal growth rate was halted in the wake of the Company's May 2016 disclosures regarding problems caused by deficiencies in the Company's internal controls. As previously noted, the Company had a total of $1 billion in loan originations from the Company's inception through the end of 2012. In 2013, 2014, and 2015, respectively, the Company facilitated an additional $2.1 billion, $4.4 billion and $8.4 billion in loan originations. In 2016, LendingClub's total loan originations flatlined, reaching only $8.7 billion for the year.

77. LendingClub's quarterly results during 2016 paint an even more stark picture. In the first quarter of 2016, LendingClub had $2.75 billion in loan originations, but during the second quarter when the deficiencies were disclosed, loan originations dropped to $1.95 billion, and were only slightly higher – $1.97

billion – during the third quarter of that year. Loan originations during the first quarter of 2017 were $1.96 billion.

78. The view through the lens of net income is no better. LendingClub's net income for the first quarter of 2016 was $4.14 million. In the second, third and fourth quarters of that year, LendingClub experienced net losses of $81.4 million, $36.5 million, and $32.3 million, respectively. In the first quarter of 2017, LendingClub reported a net loss of $29.8 million.

79. LendingClub's stock price dropped substantially when news of the deficiencies in its internal controls initially broke: at the close of trading on May 6, 2016, LendingClub's stock traded at $7.10 per share; by the end of the day on May 9, 2016, it had fallen to $4.62. LendingClub's stock price remained below $5.00 per share at the end May 2016, and today the stock trades only slightly higher, at $5.12 per share.

80. In addition to the impact on LendingClub's revenue and share price, the wrongdoing alleged herein has caused the Company to incur nearly $100 million in expenses.

81. The Company has incurred approximately $46.9 million in legal, audit, communications, and advisory fees primarily associated with investigating the wrongdoing alleged herein, responding to government inquiries, supporting

investor due diligence activities, remediation efforts and pending and potential future litigation matters.[3]

82. In addition, following the Company's May announcements, and the related substantial decrease in the trading price of LendingClub's common stock, the Company offered incentive retention awards to members of the executive management team and other key personnel that totaled $34.9 million.

83. Further, after numerous lenders halted their investments through LendingClub's platform following the Company's disclosures of deficiencies in its internal controls, LendingClub provided approximately $14 million in lender incentives to counter their qualms about investing through its marketplace.

84. Finally, in order to correct the improper inflation of net asset values for six private investment funds managed by LCA in violation of GAAP, LendingClub was required to reimburse $1 million to limited partners who had been adversely affected.

85. Going forward, the Company is likely to continue to incur legal costs associated with defending the Class Actions discussed above, and is exposed to substantial damages in those Class Actions. In addition, the Company may face

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[3] These expenses were partially offset by a $9.6 million insurance reimbursement.

additional costs, including fines or penalties, related to the ongoing government investigations.

V. DEMAND IS FUTILE

86. Plaintiffs bring this action derivatively on behalf of LendingClub to remedy damages suffered by LendingClub as a result of the Individual Defendants' breaches of their fiduciary duties, set forth herein. LendingClub is named as a nominal defendant solely in a derivative capacity.

87. Plaintiffs will fairly and adequately represent LendingClub's interests in enforcing and prosecuting its rights through this action.

88. Demand on the Board to bring this action has not been made and is not necessary because such demand would be futile.

89. By reason of their positions as officers and directors of the Company, each of the Individual Defendants owed LendingClub and its stockholders fiduciary obligations of loyalty, good faith, due care, candor, oversight, reasonable inquiry and supervision, and were required to use their utmost ability to control and manage LendingClub in a fair, just, honest and equitable manner.

90. The officers and directors of LendingClub were required to exercise reasonable and prudent supervision over the management, policies, practices and controls of the financial affairs of the Company in the performance of their duties. These duties required them to, among other things:

(a) oversee corporate governance, risk management, and financial risk exposure, including ensuring and monitoring the integrity of the Company's internal controls related to financial reporting;

(b) properly and accurately guide investors and analysts as to the true financial condition of the Company at any given time, including making accurate statements about the Company's corporate governance, risk management and financial risk exposure, including risks related to deficiencies in the Company's internal controls;

(c) ensure that the Company complied with its legal obligations and requirements, including complying with regulatory requirements and disseminating truthful and accurate statements to the investing public;

(d) conduct the affairs of the Company in an efficient, business-like manner in compliance with all applicable laws, rules and regulations so as to make it possible to provide the highest quality performance of its business, to avoid wasting the company's assets, and to maximize the value of the Company's stock; and

(e) remain informed as to how LendingClub conducted its operations and, upon receipt of notice or information of imprudent or unsound conditions or practices, make reasonable inquiry in connection therewith, and take steps to

correct such conditions or practices and make such disclosures as necessary to comply with applicable law.

A. Demand is Futile as to the Current Director Defendants

91. As described herein, defendants Ciporin, Crowe, Mack, Meeker, Morris, Summers and Williams (the "Current Director Defendants"), who currently form a majority of LendingClub's ten-member Board of Directors, cannot exercise independent business judgment on the issue of whether LendingClub should prosecute this action.

92. As stated above, the Registration Statement provided that LendingClub's entire Board of Directors was responsible for "oversee[ing] the Company's financial risk exposures, including monitoring the integrity of the consolidated financial statements, and internal control over financial reporting."

93. Through the Registration Statement, the Individual Defendants, including all of the Current Director Defendants, assured investors that LendingClub's internal control procedures for financial reporting, which were designed to and would have prevented self-dealing, improper processing of loan applications, alterations of key information related to loan applications, failure to approve or even consider related party transactions, failure to disclose investor contract amendments, overstatements of financial results in violation of GAAP, and misleading investors and engaging in irresponsible lending practices, were

"effective at a reasonable assurance level." These representations were never contradicted during the Relevant Period.

94. The Current Director Defendants are disabled from considering a demand because they face a substantial likelihood of personal liability for their breaches of fiduciary duty alleged herein. Each of the seven Current Director Defendants participated in the wrongful acts alleged, and all are defendants in the Class Actions, where claims against each of them, predicated upon many of the acts alleged herein, have been upheld.

95. In the Federal Class Action, Judge Alsup upheld claims for violations of the federal securities laws against each of the Current Director Defendants, applying the heightened pleading standards for fraud under Federal Rule of Civil Procedure 9(b). Judge Alsup upheld allegations that each Current Director Defendant made false and misleading statements regarding the purported adequacy of the Company's internal controls, the Cirrix investments, and the Company's data integrity and security protocols.

96. The pendency of these claims, for which each Current Director Defendant faces a substantial likelihood of liability, renders it impossible for each Current Director Defendant to impartially consider a shareholder demand as to the wrongdoing alleged herein. In light of the Class Actions, it is not possible for the

Current Director Defendants, who comprised a majority of the Board of Directors when this suit was filed, to consider a demand impartially.

B. Demand Is Futile as to the Audit Committee Defendants – Morris, Williams, Meeker and Crowe

97. Defendants Morris and Williams served on the Audit Committee throughout the Relevant Period. Defendant Meeker served on the Audit Committee from the time of the IPO until approximately April 2015, and defendant Crowe served on the Audit Committee from approximately June 2015 until the end of the Relevant Period. Collectively, defendants Morris, Williams, Lynn, Meeker and Crowe are referred to herein as the "Audit Committee Defendants."

98. Throughout the Relevant Period, the Audit Committee's duties were defined as follows:

> Our Audit Committee oversees financial risk exposures, including monitoring the integrity of our consolidated financial statements, internal controls over financial reporting and the independence of our independent registered public accounting firm. Our Audit Committee receives internal control-related assessments and reviews and discusses our annual and quarterly consolidated financial statements with management. In fulfilling its oversight responsibilities with respect to compliance matters, our Audit Committee meets at least quarterly with management, our internal audit department, our independent registered public accounting firm and our internal legal counsel to discuss risks related to our financial reporting function.

99. Throughout the Relevant Period, the Audit Committee was responsible for reviewing all "related party" transactions. According to the Audit

Committee's charter, the Audit Committee has unrestricted access to the Company's personnel and documents, and has authority to direct and supervise an investigation into any matters within the scope of the Audit Committee's duties.

100. Throughout the Relevant Period, the Audit Committee Defendants failed to exercise their fiduciary duties to monitor the integrity of the Company's financial statements and internal controls over financial reporting, or knew about the deficiencies in the Company's internal controls and not only failed to correct those deficiencies but also permitted the Company to continue to falsely represent that its internal controls over financial reporting were sufficient.

101. The Audit Committee Defendants also failed to ensure that LendingClub did not have material weaknesses in its internal controls related to related party transactions, or knew about those deficiencies and not only failed to correct the deficiencies but also permitted the Company to continue to falsely represent that its internal controls regarding related party transactions were sufficient.

102. As a result of the Audit Committee Defendants' failures to fulfill their fiduciary duties throughout the Relevant Period, LendingClub has been exposed to substantial liability in the Class Actions, and has incurred and is likely to continue to incur substantial expense.

103. Therefore, the Audit Committee Defendants face a substantial likelihood of liability for breach of their fiduciary duties of loyalty and good faith. Any demand upon the Audit Committee Defendants would be futile.

C. Demand is Futile as to the Risk Committee Members, Defendants Morris, Ciporin, Summers and Williams

104. Throughout the Relevant Period, defendant Morris served as the chairperson of LendingClub's Risk Committee and defendants Ciporin and Summers were members of the Risk Committee. From approximately June 2015 through to the end of the Relevant Period, defendant Williams also served on the Risk Committee. Collectively, defendants Morris, Ciporin, Summers and Williams are referred to herein as the "Risk Committee Defendants."

105. Throughout the Relevant Period, the Risk Committee's duties were defined as follows:

> Our Risk Committee assists our board of directors in its oversight of our key risks, including credit, technology and security, strategic, legal and compliance and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The chair of our Risk Committee assists our Audit Committee in its review of the risks that have been delegated to our Audit Committee in its charter.

106. Throughout the Relevant Period, the Risk Committee Defendants failed to exercise their fiduciary duties to oversee the Company's management of

key risks, including risks related to data security and integrity, credit, and operational risks.

107. The Risk Committee Defendants knowingly or recklessly approved the Company's public representations regarding its maintenance of sufficient internal controls related to data security and integrity, and credit and operational risks, even though those representations were false or misleading.

108. As was made evident by the discovery that application dates had been changed on 361 loans allocated to a single lender that were facilitated through LendingClub's marketplace, in order to falsely indicate that those loans conformed to the lender's specified investment criteria, the Risk Committee did not ensure that the Company's internal controls related to data integrity and security were sufficient. The Company has admitted that there was a "gap in preventative controls related to data management." Further, LendingClub has admitted that the Company had "not designed and implemented an additional level of review and approval for live database changes that impact high risk fields to provide reasonable assurance that all loans allocated comply with investor instructions."

109. The remedial actions taken by LendingClub to ensure that the Company had in place sufficient internal controls related to data security and integrity, following its May 2016 announcements, confirm that at the time of the IPO, LendingClub lacked an effective information security program addressing,

inter alia, access control, continuous monitoring and review, and risk assessment as represented in the Registration Statement.

110. For example, the Company's prior absence of "[m]onitoring logs for key changes" is, by definition, incompatible with a data integrity and security program which addresses "continuous monitoring and review." Likewise, "implementing appropriate best practices" is inconsistent with already having in place "an effective information security program based on well-established security standards and best practices." More than that, the "enhancements" to LendingClub's data integrity and security protocols, discussed in the Company's May 16, 2016 10-Q, are all rudimentary security controls set forth in both the NIST 800 and ISO2700x guidelines of best practices.

111. In addition, the Risk Committee Defendants knowingly or recklessly reviewed and approved, or failed to exercise due diligence and reasonable care in reviewing and approving, LendingClub's investment in Cirrix.

112. LendingClub's purchase of an interest in Cirrix constituted a related party transaction. The Risk Committee Defendants failed to act in conformance with representations they made in the Company's Registration Statement and other SEC filings, as well as LendingClub's Code of Conduct and Ethics, because both documents state that all related party transactions will be reviewed and approved by the Audit Committee, not the Risk Committee.

113. Furthermore, by authorizing the purchase of an interest in Cirrix, the Risk Committee Defendants caused LendingClub to "assum[e] credit risk for loans facilitated by [its] marketplace," which directly contradicted its public representations. In doing so, the Risk Committee Defendants exposed LendingClub to substantial liability in the Class Actions.

114. In addition, when authorizing LendingClub's purchase of an interest in Cirrix, the Risk Committee Defendants failed to exercise due diligence or reasonable inquiry into the transaction, which would have enabled them to determine that defendants Laplanche and Mack held substantial interests in Cirrix, which was a conflict of interest prohibited by the Company's Corporate Governance Guidelines and Code of Conduct and Ethics.

115. Therefore, the Risk Committee Defendants face a substantial likelihood of liability for breach of their fiduciary duties of loyalty and good faith. Any demand upon the Risk Committee Defendants would be futile.

D. Demand is Futile as to the Corporate Governance and Nominating Committee Members, defendants Mack, Meeker and Summers

116. Throughout the Relevant Period, defendants Mack, Meeker and Summers served on the Board's Nominating and Corporate Governance Committee.

117. Throughout the Relevant Period, the Board's Nominating and Corporate Governance Committee was responsible for developing and monitoring compliance with the Company's Code of Conduct and Ethics, which applies to all LendingClub's directors, officers and employees, as well as its Corporate Governance Guidelines.

118. LendingClub's Code of Conduct and Ethics provides that the Company's officers and directors must avoid situations where loyalties may be divided between the Company's interests and the interests of those officers and directors. Among the activities specified as potentially involving conflicts of interests are:

> Involvement in any company that does business with Lending Club or seeks to do business with Lending Club…. [or owning] a significant financial interest in a competitor or a company that does business with Lending Club or seeks to do business with [the Company].

119. The Code of Conduct and Ethics requires directors and officers, who are considering engaging in a transaction that could potentially involve a conflict of interest, or even the appearance of a conflict of interest, to disclose the matter to LendingClub's General Counsel.

120. The Code of Conduct and Ethics further provides that "related parties" include all of LendingClub's officers and directors, and "related party transaction[s]" include "any transaction, arrangement, or relationship … that

exceeds $120,000 in which Lending Club participates and a related party has or will have a direct or indirect material interest." The Code of Conduct and Ethics states that all related party transactions must be reviewed by the Audit Committee.

121. The Nominating and Corporate Governance Committee Defendants failed to monitor the Company's adherence to the Company's Corporate Governance Guidelines and Code of Conduct and Ethics, including their provisions related to conflicts of interest and related party transactions. Had the Nominating and Corporate Governance Committee Defendants properly monitored the Company's adherence to those provisions, they would have known that those provisions were not being adhered to.

122. In addition, the Nominating and Corporate Governance Committee failed to ensure that LendingClub's Board properly oversaw the Company's legal compliance program and properly assessed risks facing the Company and management's approach to addressing such risks. Had they done so, the problems caused by LendingClub's failure to institute, monitor and implement internal controls would have been prevented.

123. Accordingly, the Nominating and Corporate Governance Committee members face a substantial likelihood of liability for breach of their fiduciary duties of loyalty and good faith. Any demand upon the Nominating and Corporate Governance Committee members is therefore futile.

E. Demand Is Futile as to Defendant Mack

124. In addition to the reasons set forth above, Defendant Mack is additionally disabled from considering a demand in this action, because, throughout the Relevant Period, Mack secretly invested in Cirrix, using Cirrix as a vehicle to invest in LendingClub's online platform, despite his representations in the Registration Statement and LendingClub's subsequent SEC filings that the Company properly reviewed and approved all related party transactions. Furthermore, Mack did not ensure that the Board members who reviewed and approved the Company's purchase of an interest in Cirrus were aware of his own and Laplanche's interests in Cirrix prior to doing so. Finally, Mack is a personal friend of Laplanche. Mack provided Laplanche with a personal loan of $6.5 million to assist him in paying off an earlier loan that Laplanche took out using LendingClub shares as collateral.

VI. COUNT I

BREACH OF FIDUCIARY DUTY

125. Plaintiffs incorporate by reference and reallege each allegation set forth above, as though fully set forth herein.

126. Each Individual Defendant was a director or officer of LendingClub during the Relevant Period and therefore owed LendingClub fiduciary duties of

loyalty, good faith, due care, candor, oversight, reasonable inquiry, and supervision.

127. In violation of those fiduciary duties, the Individual Defendants willfully, recklessly or negligently failed to ensure that the Company maintained adequate internal controls regarding financial disclosures, related party transactions and data security and integrity throughout the Relevant Period.

128. In violation of their fiduciary duties, the Individual Defendants knowingly, recklessly or negligently made false and misleading statements to LendingClub's shareholders, including at least, in the Registration Statement and Form 10-K's and 10-Q's discussed above, which were filed with the SEC during the Relevant Period.

129. As a direct and proximate result of the Individual Defendants' breaches of their fiduciary obligations, LendingClub has sustained and continues to sustain significant damages. The Individual Defendants have already caused LendingClub to incur expenses, detailed above, totaling nearly $100 million, and have exposed the Company to substantial liability in the Class Actions. In addition, the Individual Defendants have exposed the Company to potential regulatory fines and penalties.

VII. PRAYER FOR RELIEF

Wherefore, Plaintiffs demand judgment as follows:

A. Against the Individual Defendants for the damages sustained by Lending Club as a result of their breaches of fiduciary duties.

B. Directing LendingClub to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with applicable law and to protect LendingClub and its shareholders from further damage.

C. Awarding plaintiffs reasonable attorneys' fees, accountants and experts' fees, and costs and expenses incurred in prosecuting this action.

D. Granting such other and further relief as this Court deems just and appropriate.

Dated: August 18, 2017

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