

United Union of Roofers, Waterproofers & Allied Workers Local Union No. 8 WBPA Fund v. The Trade Desk, Inc. et al

COURT: United States District Court for the Central District of California
CASE NUMBER: 2:25-cv-01396-CAS-DFM
CLASS PERIOD: 05/09/2024 - 02/12/2025
CASE LEADERS: John Rizio-Hamilton, Jonathan D. Uslaner
CASE TEAM: Prachi Patel

Bernstein Litowitz Berger & Grossmann LLP (“BLB&G”) is investigating alleged violations of the federal securities laws by The Trade Desk Inc. (“Trade Desk” or the “Company”) and certain of the Company’s current and former senior executives (collectively, “Defendants”), as alleged in cases filed in the Central District of California.

Trade Desk’s Alleged Fraud

Based in Ventura, California, Trade Desk operates as a technology company, offering a self-service, cloud-based, ad-buying platform that allows marketers to plan, manage, optimize, and measure data-driven ad campaigns. In June 2023, Trade Desk announced the rollout of Kokai, a generative AI forecasting tool that it claimed would enable users to more effectively deploy their advertising spending. Trade Desk described Kokai as the “most advanced product launch” in the Company’s history. As the Company began transitioning its clients from its older advertising platform Solimar to Kokai, Trade Desk assured investors that it expected “full adoption” of Kokai by existing Trade Desk customers “over the course of 2024.” Throughout the Class Period, Defendants repeatedly touted the seamless transition to Kokai.

Unknown to the public, however, Defendants failed to disclose that Trade Desk was experiencing significant problems with the Kokai rollout, a substantial number of clients were not adopting the platform, and Trade Desk’s engineering and sales team were not adequately structured to facilitate the Kokai rollout as planned.

On February 12, 2025, investors began to learn the truth regarding the Kokai rollout execution challenges that Trade Desk had been facing. On that day, Trade Desk issued a press release announcing its reported fourth quarter revenue of \$741 million—below the Company’s previously issued guidance of \$756 million and analysts’ estimates of \$759.8 million. In the press release, Defendant Green, Trade Desk’s CEO, explained that the Company “undertook a reorganization to accelerate opportunities across CTV, retail media, identity, supply chain optimization, and audio[,] while forging ahead with innovations like Kokai.” During the earnings call that same day, Defendant Green disclosed that Trade Desk had yet to onboard all of its clients onto Kokai, and that maintaining both its old Solimar system and Kokai “slow[ed] [the Company] down.” Defendant Green also admitted that Trade Desk rolled out Kokai “slower than we anticipated,” but added that the slower rollout was “deliberate.” On this news, Trade Desk Class A common stock dropped \$40.31 per share, or more than 32%, from a closing price of \$122.23 per share on February 12, 2025, to a closing price of \$81.92 per share on February 13, 2025.

If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact Scott Foglietta of BLB&G at 212-554-1903, or via e-mail at scott.foglietta@blbgllaw.com.