

1  
2  
3  
4  
5  
6  
7 **UNITED STATES DISTRICT COURT**  
8 **WESTERN DISTRICT OF WASHINGTON**  
9 **AT SEATTLE**

10 AARON WINSTON HILLIER, Individually  
11 and on Behalf of All Others Similarly  
12 Situated,

13 Plaintiff,

14 v.

15 ZILLOW GROUP, INC., RICHARD N.  
16 BARTON, LLOYD D. FRINK, ALLEN W.  
17 PARKER, and JEREMY WACKSMAN,

18 Defendants.

Civil Action No.

Complaint—Class Action

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

**JURY DEMAND**

19  
20  
21  
22  
23  
24  
25  
26  
**CLASS ACTION COMPLAINT FOR VIOLATIONS  
OF THE FEDERAL SECURITIES LAWS**

**BYRNES KELLER CROMWELL LLP**  
1000 Second Avenue, 38th Floor  
Seattle, Washington 98104  
(206) 622-2000

Plaintiff Aaron Winston Hillier (“Plaintiff”), by and through his counsel, alleges the following based upon personal knowledge as to himself and his own acts, and upon information and belief as to all other matters, including the investigation of Plaintiff’s counsel, which included, among other things, a review of Defendants’ (defined below) United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by Zillow Group, Inc. (“Zillow” or the “Company”), analyst reports and advisories about the Company, media reports concerning the Company, judicial filings and opinions, and other publicly available information. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

# **I. NATURE OF THE ACTION AND OVERVIEW**

1. This is a federal securities class action on behalf of all persons or entities that purchased or otherwise acquired Zillow securities between August 7, 2020, and November 2, 2021, inclusive (the “Class Period”). The claims asserted herein are alleged against Zillow and certain of the Company’s senior executives, and arise under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), and Rule 10b-5 promulgated thereunder.

2. Zillow, a Washington corporation with principal executive offices in Seattle, Washington, is a real estate services company that operates popular real estate websites including Zillow and Trulia. In addition to the generation of advertising revenue from these websites, Zillow earns referral fees when matching prospective buyers and sellers with real estate agents and brokers. Since April 2018, the Company has also operated its Zillow Offers program, through which the Company directly purchases homes from sellers, makes certain repairs and updates to these properties, and subsequently resells the homes to purchasers.

3. This Complaint alleges that, throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts, about the Company’s business and operations. Specifically, Defendants repeatedly, falsely touted the strength and sustainability of the Company’s Zillow Offers business and failed to disclose to

investors that: (1) the Company knew that it did not have the ability to properly price homes for its Zillow Offers business; (2) this inability, in addition to labor and supply shortages, resulted in a backlog of inventory in the Zillow Offers business; (3) as a result of the foregoing, the Company was reasonably likely to wind-down its Zillow Offers business, which would have a material adverse impact of the Company's financial results; and (4) as a result of the foregoing, Defendants positive Class Period statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

4. The truth about Defendants' false and/or misleading statements began to emerge on October 4, 2021, when analysts from RBC Capital Markets lowered their price target for Zillow, warning that Zillow Offers would likely miss quarterly expectations. On this news, the price of Zillow common stock (ZG) declined \$5.72 per share, or more than 6%, from a close of \$91.40 per share on October 1, 2021, to close at \$85.68 per share on October 4, 2021. Similarly, the price of Zillow capital stock (Z) declined \$4.98 per share, or approximately 5.5%, from a close of \$90.36 per share on October 1, 2021, to close at \$85.38 per share on October 4, 2021.

5. Additional corrective information surfaced several weeks later, on October 18, 2021, when Zillow announced that, "[d]ue to a backlog in renovations and operational capacity constraints," Zillow Offers "will not sign any new, additional contracts to buy homes through the end of the year." On this news, the price of Zillow common stock (ZG) declined \$8.84 per share, or more than 9%, from a close of \$94.30 per share on October 15, 2021, to close at \$85.46 per share on October 18, 2021. Similarly, the price of Zillow capital stock (Z) declined \$8.97 per share, or more than 9%, from a close of \$94.97 per share on October 15, 2021, to close at \$86.00 per share on October 18, 2021.

6. Then, on November 1, 2021, media outlets reported that, pursuant to a detailed analysis by KeyBanc Capital Markets, most of the homes Zillow Offers inventory were now worth less than the Company paid for them, and that Zillow was looking to sell off 7,000 homes. In response to this news, the price of Zillow common stock (ZG) declined \$20.24 per share over two

trading days, or more than 19%, from a close of \$105.72 per share on October 29, 2021, to close at \$85.48 per share on November 2, 2021. Similarly, the price of Zillow capital stock (Z) declined \$16.43 per share, or nearly 16%, from a close of \$103.63 per share on October 29, 2021, to close at \$87.20 per share on November 2, 2021.

7. After the market close on November 2, 2021, Zillow released its third quarter 2021 financial results and announced that it was “wind[ing] down” the Zillow Offers program. In doing so, Zillow revealed that it would need to take write-downs of approximately \$569 million and would be reducing its workforce by 25%. On this news, the price of Zillow common stock (ZG) plummeted an additional \$19.62 per share, or approximately 23%, to close at \$65.86 per share on November 3, 2021. Similarly, the price of Zillow capital stock (Z) fell \$21.73 per share, or approximately 25%, to close at \$65.47 per share on November 3, 2021.

8. As a result of Defendants’ wrongful acts and omissions, and the resulting declines in the market value of the Company’s securities, Plaintiff and other members of the class have suffered significant damages.

## **II. JURISDICTION AND VENUE**

9. Plaintiff’s claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5, promulgated thereunder, 17 C.F.R. § 240.10b-5. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. § 1331 and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

10. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1391(b), because the Company is headquartered in this District, Defendants conduct business in this District, and many of the acts and conduct that constitute the violations of law complained of herein, including the preparation and dissemination to the public of materially false and misleading information, occurred in this District.

11. In connection with the acts, conduct, and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,

including, but not limited to, the United States mails, interstate telephone communications, and the facilities of the national securities markets.

### III. PARTIES

12. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Zillow Class C capital stock at artificially inflated prices during the Class Period and suffered damages as result of the violations of the federal securities laws alleged herein.

13. Defendant Zillow is a Washington corporation with its principal executive offices located in Seattle, Washington. Zillow's Class A common stock trades on the NASDAQ under the ticker symbol "ZG" and its Class C capital stock trades on the NASDAQ under the ticker symbol "Z."

14. Defendant Richard N. Barton ("Barton"), the Company's co-founder, is, and was throughout the Class Period, the Company's Chief Executive Officer.

15. Defendant Lloyd D. Frink ("Frink"), the Company's co-founder, is, and was throughout the Class Period, the Company's President and Executive Chairman.

16. Defendant Allen W. Parker ("Parker") is, and was throughout the Class Period, the Company's Chief Financial Officer.

17. Defendant Jeremy Wacksman ("Wacksman") is, and was since February 2021, the Company's Chief Operating Officer.

18. Defendants Barton, Frink, Parker, and Wacksman are collectively referred to herein as the "Individual Defendants."

19. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. Each Individual Defendant was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of

1 their positions and access to material non-public information available to them, each of the  
 2 Individual Defendants knew that the adverse facts specified herein had not been disclosed to,  
 3 and/or were being concealed from, the public, and that the positive representations that were being  
 4 made were then materially false and/or misleading.

5 20. The Company and the Individual Defendants are collectively referred to herein as  
 6 “Defendants.”

#### 7 **IV. SUBSTANTIVE ALLEGATIONS**

##### 8 **A. Background**

9 21. In April 2018, prior to the start of the Class Period, the Company launched its  
 10 Zillow Offers in two test markets: Las Vegas and Phoenix.

11 22. The Zillow Offers program was a significant driver of revenue growth for the  
 12 Company as the program continued to expand substantially. By the end of 2019, the Company  
 13 was buying and selling homes directly in 22 markets and Zillow Offers “accounted for nearly \$1.4  
 14 billion of revenue for the year.” In fact, Zillow Offers accounted for roughly half of the Company’s  
 15 total revenue in 2019.

##### 16 **B. Defendants’ False and/or Misleading Statements**

17 23. The Class Period begins on August 7, 2020, to coincide with the publication of the  
 18 Company’s second quarter 2020 financial results after the market closed on August 6, 2020. In  
 19 connection with its quarterly results, Zillow reported that “quarterly revenue grew 28% year over  
 20 year to \$768 million, driven primarily by a continued increase in Zillow Offers resale volume.”  
 21 Critically, the Company explained that while “Zillow Offers entered Q2 with home acquisitions  
 22 temporarily paused due to market uncertainty” resulting from the COVID-19 pandemic, “[d]uring  
 23 the quarter, the company sold 1,437 homes and purchased 86 homes through Zillow Offers, ending  
 24 Q2 with 440 homes in inventory” and “is now actively purchasing homes in all 24 markets where  
 25 it previously operated.”  
 26

1           24. During the accompanying conference call with investors later same day, Defendant  
 2 Barton, Zillow's Chief Executive Officer and co-founder, touted the strength of the Zillow Offers  
 3 program—even in the face of the COVID-19 pandemic:

4           In Zillow Offers, we used enhanced selling strategies and  
 5 differentiated data signals to manage our inventory. The fact that  
 6 we were able to make it gracefully through the uncertainty of the  
 7 past 5 months, continuing to sell inventory is a testament to the  
 team's agility. Our combination of machines and humans is getting  
 smarter and more experienced.

8           25. In response to an analyst's questions regarding a post-COVID-19 Zillow Offers  
 9 program, Barton further explained:

10           So starting with your question, Robert, about how aggressive we  
 11 want to be with Zillow Offers. Well, we've now, as of today,  
 12 actually opened up all 24 of the markets that we had open before  
 13 COVID hit. And we -- so you can tell, by the way, we've opened  
 14 markets and how aggressively we've reopened markets, you can tell  
 15 we feel good about it. And the supposition is that this price  
 16 certainty, this time certainty and convenience and the kind of safety  
 associated with -- if you're a seller, not having to have a bunch of  
 people go through your house, and if you're a buyer, letting yourself  
 into a home with a Zillow app with nobody there, those both feel  
 like good things in the midst of a health crisis, and we're seeing that  
 play out.

17           So we feel that in a way, the pandemic highlights some of the  
 18 benefits of working with Zillow Offers. It is -- the reopening is early  
 19 days. So we're watching. And -- carefully, but we're feeling good  
 about kind of the post-COVID Zillow Offers.

20           26. On November 5, 2020, Zillow announced its financial results for third quarter 2020.  
 21 During the Company's accompanying conference call that day, Defendant Barton again touted the  
 22 growing momentum behind Zillow Offers:

23           In our Zillow Offers business, we are ramping back up across the  
 24 country after pausing acquisitions back in March, and it will take  
 25 time to rebuild our inventory levels. We added Jacksonville, Florida  
 26 to our list of 25 markets where people can get a fair, hassle-free cash  
 offer for their home. This option for home sellers to be able to move  
 without showings, without open houses on their own time line is

1 proving its appeal. As we build back, we are focused on improving  
2 our cost structure on every line item, while simultaneously  
3 delivering more ease and convenience for our customers.

4 27. Defendant Parker, the Company's Chief Financial Officer, provided additional  
5 color regarding the rebound of Zillow Offers following the COVID-19 pandemic at the Company's  
6 November 16, 2020 appearance at the Needham Virtual Internet Services Conference.  
7 Specifically, Parker noted:

8 As we come out of the pause, one of the positives that we have is  
9 that we were able to take a lot of those learnings, and again, I  
10 mentioned we kind of started up again a little more cautiously out of  
11 safety and just uncertainty.

12 But we are smarter about what to buy, how long it's going to take us  
13 to renovate it. We continue to get better. And so all of those things  
14 actually spread across the markets relatively quickly. But there are  
15 certain markets that are hotter than others, and we continue to work  
16 those. I wouldn't say there's one formula that says after 18 months,  
17 one market is profitable. There's still a lot to learn and a lot of tech  
18 has developed. And that learning helps in us getting smarter, and  
19 we can -- typically, we can roll that into other markets quickly, and  
20 we can ramp them up a little faster than we did initially, but we've  
21 still got a lot to learn.

22 28. In response to questions at Zillow's November 18, 2020 appearance at RBC Global  
23 Technology, Internet, Media and Telecommunications Conference (Virtual), Defendant Barton  
24 reiterated his confidence in the profitability prospects for Zillow Offers, explaining:

25 But to answer your question directly, I'm confident now that we've  
26 seen enough and we've achieved the scale and we've learned  
27 enough that for Zillow, we can make the unit economics work. I am  
28 convinced of that, and I think we will get better from here.

29 29. On February 10, 2021, Zillow published its fourth quarter and full year 2020  
30 financial results. Among other things, the Company reported 2020 revenue from Zillow Offers of  
31 more than \$1.7 billion—a 25% increase, despite the COVID-19 pandemic, over 2019 revenue of  
32 nearly \$1.4 billion. Zillow Offers accounted for 51% of the Company's total 2020 revenues.



30. In explaining these results during the Company's conference call with investors that day, Defendant Barton explained that "[o]ur burgeoning sell side business, Zillow Offers, proved durable through some bad weather" and that while "[w]e paused home buying to manage risk during the early days of the pandemic" the Company "exited 2020 with our quarterly acquisitions pace returning to Q4 2019 levels."

31. Defendant Parker similarly touted Zillow Offers's strong performance, highlighting that:

During Q4, Zillow Offers benefited from operational improvements, stronger-than-expected home price appreciation across the country, a strong customer value proposition and faster sales velocity.

Home segment revenue of \$304 million exceeded the high end of our outlook with home purchases returning to Q4 2019 levels. Our Q4 Zillow Offers unit economics of 668 basis points before interest was above the plus or minus 200 basis point guardrail we set for ourselves while working to scale the business. The outsized unit economic results were impacted by the stronger and faster housing market recovery than we initially assumed in addition to the expected benefit of a predominantly high mix of recently acquired homes following the first half air gap.

Q4 unit economics also showed meaningful operational progress in improving our cost per home sold. Combined, we saw all 3 operational cost line items improved nearly 250 basis points compared to Q3. We are continuing to target our underwriting goal of plus or minus 200 basis points going forward.

32. As the Country continued to work through the COVID-19 pandemic, Defendants continued to emphasize their confidence in the long-term growth and sustainability of Zillow Offers. For example, on May 4, 2021, Zillow reported first quarter 2021 financial results, which Defendant Barton noted "exceeded expectations and showed our momentum toward delivering a seamless, end-to-end real estate transaction."

33. During the Company's quarterly conference call, Defendant Barton explained that Zillow was "now beginning to register the benefits of the investments we have made across our

product innovations” and that “[t]his increased profit generation after such a meaningful investment period gives us confidence that the bets we are making across the business are accretive, and we are allocating our time, our people and our capital appropriately for the long term.”

34. Defendant Parker again highlighted strong growth within the business segment, stating:

Growth in Zillow Offers continue to reaccelerate in Q1. We reported Homes segment revenue of \$704 million, which exceeded the high end of our outlook with 1,965 home sales. Resale velocity was above our expectations. In Q1, we sold 128% of the beginning inventory of 1,531 homes, which contributed to inventory declining at the end of Q1 to 1,422 homes. Purchases increased to 1,856 homes in the quarter from 1,789 homes purchased in Q4, but not quite at the pace we planned as we continue to work on refining our models to catch up with the rapid acceleration in home price appreciation.

During Q1, we continued to focus on unit costs, automation, adding capacity and sharpening pricing models to improve offer strength as we continue to scale. Our Q1 Zillow Offers unit economics of 549 basis points return before interest expense was above the plus or minus 200 basis point guardrails we’ve set for ourselves while working to scale the business. The outsized unit economic results were impacted by the ongoing strong housing market, which is temporal in nature. We made progress during the quarter on improving offer strength and sharpened pricing that tightened our unit economics by approximately 120 basis points from that of Q4. The durable operational improvements in overall cost per home contributed 280 basis points improvement from Q1 2020.

35. In touting the Company’s commitment and confidence in Zillow Offers, Defendant Barton further explained:

But on [Zillow Offers], in particular, Ron, we’re leaning in, like -- we’re leaning in. We’re expanding in the 25 markets. We’re heavily staffing, as I think we made an announcement, maybe Allen just talked about it, too. We are planning as a company. I’m hiring a net 2,000 people in 2021, and a lot of that will be for Zillow Offers. And we’re making other investments in [Zillow Offers] as well.

1 So we are comfortable with that increased investment because of  
 2 what we're seeing top of funnel because what we know about the  
 3 consumer value proposition. And also, we're leaning in because  
 4 most consumers don't even know what Zillow Offers is yet. They  
 5 don't even know -- we've got to take Zillow 2.0 out of the kind of  
 6 quarterly conference call realm and into the consumer awareness  
 realm. And so we've got a lot of work to do there, and we're basis  
 points penetrated in the business overall. So long answer, but we're  
 feeling -- we're leaning in and feeling good.

7 36. Defendants' positive assurances continued on August 5, 2021, when the Company  
 8 reported its second quarter 2021 financial results, including Zillow Offers revenue of \$772 million  
 9 (accounting for nearly 60% of total Company revenue). In the Company's earnings release,  
 10 Defendant Barton specifically highlighted that the Company's "iBuying business, Zillow Offers,  
 11 continues to accelerate as we offer more customers a fast, fair, flexible and convenient way to  
 12 move" and "is proving attractive to sellers even in this sizzling-hot seller's market."

13 37. During the accompanying conference call with investors, Defendant Barton further  
 14 explained:

15 On the sell side, Zillow offers continued to accelerate in Q2 with a  
 16 record 3,805 homes purchased. We sold 2,086 homes, generating a  
 17 record \$777 million in revenue in our Home segment, surpassing  
 18 our internal expectations for both revenue and EBITDA.  
 19 Importantly, the Zillow Offers value proposition of a fast, fair,  
 20 flexible and convenient close has proved more than durable even in  
 21 the sizzling hot sellers' market. It's a nod to just have dreadful and  
 dreaded the prospect of selling, buying and moving is to people.  
 Likely, this is not a surprise to any of you. In our surveys of  
 homeowners who want and need to move, when we present the  
 Zillow Offers concept, the largest objection is there must be a catch.  
 I'm pretty happy to market to that objection.

22 As we discussed on our last call, we entered Q2 with strong  
 23 customer interest in [Zillow Offers], which accelerated throughout  
 24 the quarter and into Q3. Allen will get into more details. But as we  
 25 said on our Q1 call, we saw significant customer demand at the  
 26 beginning of Q2 that we expected would drive revenue growth on a  
 lagged basis in Q3, which is now leading to our strong Q3 outlook.  
 And we continued to see strong growth in customer demand as we  
 entered Q3 that we expect will favorably impact revenue in future

quarters. With that in mind, we are focused on making progress automating key workflows in support of building a large-scale operation.

38. Defendant Parker similarly highlighted the strength and continued improvement of Zillow Offers, including the following explanation:

Growth in Zillow Offers continued to accelerate in Q2 and exceeded our expectations, with 2,086 homes sold, driving \$777 million in Home segment revenue. We made progress this quarter in improving our pricing models, including launching the neural Zestimate, which sharpened our offer strength. The neural Zestimate puts more weight on attributes of homes and allows more granularity at the asset level, placing less emphasis on repeat home sales price comparisons. In addition, we continue to make progress building automation at the top of the funnel when providing offers to customers. These improvements drove rapid gains in conversion rates in Q2 when compared to Q1, resulting in record purchases, more than catching up to our pre-pandemic pace. We purchased 3,805 homes during the second quarter, more than double what we purchased in Q1.

39. Parker also provided positive commentary for third quarter 2021, stating:

In Q3, we expect our Homes segment revenue to increase sequentially from Q2 to \$1.45 billion at the midpoint of our outlook range. This step-up in pace demonstrates our confidence in our ability to scale, resulting from the progress we have made in strengthening our pricing models and automating the top of the funnel. Evidence of our accelerated pace can be seen in our homes under contract, which was \$1.2 billion at the end of Q2, up 126% from \$511 million at the end of Q1. I will reiterate that our goal here is to become a true market maker.

40. The statements in ¶¶ 23–39 are materially false and misleading and/or failed to disclose that: (1) the Company knew that it did not have the ability to properly price homes for its Zillow Offers business; (2) this inability, in addition to labor and supply shortages, resulted in a backlog of inventory in the Zillow Offers business; (3) as a result of the foregoing, the Company was reasonably likely to wind-down its Zillow Offers business, which would have a material adverse impact of the Company's financial results; and (4) as a result of the foregoing, Defendants

positive Class Period statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

### **C. The Truth Begins to Emerge**

41. Investors learned the truth about Zillow Offers through a series of partial disclosures beginning on October 4, 2021, when analysts from RBC Capital Markets lowered their price target for Zillow, warning that "[a]n analysis of Zillow-owned homes for sale in Phoenix" suggests that Zillow Offers would likely miss quarterly expectations. Specifically, RBC Capital Markets noted that home price reductions for Zillow's Phoenix-area listings suggest that "the company likely still has meaningful inventory to work through into Q4 that was bought at too high a price and thus we would expect Q3 results and Q4 guidance to reflect this."

42. On this news, the price of Zillow common stock (ZG) declined \$5.72 per share, or more than 6%, from a close of \$91.40 per share on October 1, 2021, to close at \$85.68 per share on October 4, 2021. Similarly, the price of Zillow capital stock (Z) declined \$4.98 per share, or approximately 5.5%, from a close of \$90.36 per share on October 1, 2021, to close at \$85.38 per share on October 4, 2021.

43. Several weeks later, on October 18, 2021, Zillow announced that, "[d]ue to a backlog in renovations and operational capacity constraints," Zillow Offers "will not sign any new, additional contracts to buy homes through the end of the year." According to Defendant Wacksman, the Company's Chief Operating Officer, Zillow is "operating within a labor- and supply-constrained economy inside a competitive real estate market, especially in the construction, renovation and closing spaces," and is "not been exempt from these market and capacity issues."

44. On this news, the price of Zillow common stock (ZG) declined \$8.84 per share, or more than 9%, from a close of \$94.30 per share on October 15, 2021, to close at \$85.46 per share on October 18, 2021. Similarly, the price of Zillow capital stock (Z) declined \$8.97 per share, or more than 9%, from a close of \$94.97 per share on October 15, 2021, to close at \$86.00 per share on October 18, 2021.

1           45.     Then, on November 1, 2021, media outlets reported on a detailed analysis from  
 2     KeyBanc Capital Markets that concluded “Zillow may have leaned into home acquisition at the  
 3     wrong time” given that most of the homes Zillow Offers inventory were now worth less than what  
 4     the Company paid for them. Specifically, KeyBanc Capital Markets found that: (1) 66% of  
 5     Zillow’s homes are currently listed below the purchase price (at an average discount of 4.5% versus  
 6     the purchase price); and (2) 94.3% of homes in San Diego, California, 93.4% of homes in Phoenix,  
 7     Arizona, and 92.6% of homes in Mesa, Arizona, were listed below Zillow’s purchase price.

8           46.     Later that day, *Bloomberg* reported that Zillow “is looking to sell about 7,000  
 9     homes as it seeks to recover from a fumble in its high-tech home-flipping business.” According  
 10    to sources interviewed by *Bloomberg*, “[t]he company is seeking roughly \$2.8 billion for the  
 11    houses, which are being pitched to institutional investors . . . as Zillow seeks to recover from an  
 12    operational stumble that saw it buy too many houses, with many now being listed for less than it  
 13    paid.”

14          47.     In response to this news, the price of Zillow common stock (ZG) declined \$20.24  
 15    per share over two trading days, or more than 19%, from a close of \$105.72 per share on October  
 16    29, 2021, to close at \$85.48 per share on November 2, 2021. Similarly, the price of Zillow capital  
 17    stock (Z) declined \$16.43 per share, or nearly 16%, from a close of \$103.63 per share on October  
 18    29, 2021, to close at \$87.20 per share on November 2, 2021.

19          48.     After the market close on November 2, 2021, Zillow released its third quarter 2021  
 20    financial results and announced that it was “wind[ing] down” Zillow Offers as the program  
 21    generated quarterly revenue of \$1.17 billion (well short of the Company’s public expectations of  
 22    \$1.45 billion). Zillow further revealed that it would need to take write-downs of approximately  
 23    \$569 million given “the unpredictability in forecasting home prices far exceeds what we  
 24    anticipated and continuing to scale Zillow Offers would result in too much earnings and balance-  
 25    sheet volatility.” Additionally, the Company acknowledged that it would be reducing its  
 26    workforce by 25%.

1           49. During the Company's quarterly conference call that day, Defendant Barton  
2 provided a lengthy explanation of the myriad problems encountered by Zillow Offers:

3           Yet in our short tenure operating Zillow Offers, we've experienced  
4 a series of extraordinary events: a global pandemic, a temporary  
5 freezing of the housing market and then a supply-demand imbalance  
6 that led to a rise in home prices at a rate that was without precedent.  
7 We have been unable to accurately forecast future home prices at  
8 different times in both directions by much more than we modeled as  
9 possible, with Zillow Offers unit economics on a quarterly basis  
10 swinging from plus 576 basis points in Q2 to an expected minus 500  
11 to minus 700 basis points in Q4.

12           Put simply, our observed error rate has been far more volatile than  
13 we ever expected possible and makes us look far more like a  
14 leveraged housing trader than the market maker we set out to be.  
15 We could blame this outsized volatility on exogenous black swan  
16 events, tweak our models based on what we've learned and press on.  
17 But based on our experience to date, it would be naive to assume  
18 unpredictable price forecasting and disruption events will not  
19 happen in the future.

20           Because of the price forecasting volatility, we have also had to  
21 reconsider what the business would look like at a larger scale. We  
22 have offered sellers a fair market price from the start, but we've also  
23 been clear that the business only becomes consistently profitable at  
24 scale. With the price forecasting volatility we have observed and  
25 now must expect in the future, we have determined that the scale  
26 would require too much equity capital, create too much volatility in  
our earnings and balance sheet and ultimately result in a far lower  
return on equity than we imagined.

We have also experienced significant capacity and demand planning  
challenges, exacerbated by an admittedly difficult labor and supply  
chain environment. The combination of these factors has caused a  
meaningful backup in our processing of homes in the Zillow  
pipeline, which we announced 2 weeks ago. We judged future  
significant volume volatility to be a tough impediment to ramp a  
scaled operation, and any interruptions in the supply chain like we  
recently experienced will result in increased holding times, further  
increasing our exposure to volatility and lowering our return on  
equity.



A final factor in this wind-down decision is that to date, we have been able to serve only a limited number of customers. We've been able to convert only about 10% of the serious sellers who ask for a Zillow Offer, and we have tended to disappoint the roughly 90% who didn't sell to us. Given our hard-earned position at the top of the seller funnel with 220 million-plus average monthly unique users and the popularity of this estimate, there are better, broader, less risky, more brand-aligned ways of enabling all of our customers who want to move.

50. On this news, the price of Zillow common stock (ZG) plummeted an additional \$19.62 per share, or approximately 23%, to close at \$65.86 per share on November 3, 2021. Similarly, the price of Zillow capital stock (Z) fell \$21.73 per share, or approximately 25%, to close at \$65.47 per share on November 3, 2021.

#### **V. PLAINTIFF'S CLASS ACTION ALLEGATIONS**

51. Plaintiff brings this class action under Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons or entities that purchased Company securities during the Class Period (the "Class"). Excluded from the Class are Defendants, their agents, directors and officers of the Company, and their families and affiliates.

52. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court.

53. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- a. Whether Defendants violated the Exchange Act;
- b. Whether Defendants omitted and/or misrepresented material facts;
- c. Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;



- d. Whether Defendants knew or recklessly disregarded that their statements and/or omissions were false and/or misleading;
- e. Whether the price of Company securities were artificially inflated; and
- f. The extent of damage sustained by members of the Class and the appropriate measure of damages.

54. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

55. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests that conflict with those of the Class.

56. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Joinder of all Class members is impracticable.

**VI. APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD-ON-THE-MARKET DOCTRINE**

57. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

- a. Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- b. The omissions and misrepresentations were material;
- c. The Company's securities traded in an efficient market;
- d. The misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- e. Plaintiff and the Class purchased Company securities between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

58. At all relevant times, the market for Company securities was efficient because: (1) as a regulated issuer, the Company filed periodic public reports with the SEC; and (2) the Company regularly communicated with public investors using established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services.

## **VII. NO SAFE HARBOR**

59. Defendants' "Safe Harbor" warnings accompanying any forward-looking statements issued during the Class Period were ineffective to shield those statements from liability.

60. Defendants are also liable for any false and/or misleading forward-looking statements pleaded because, at the time each forward-looking statement was made, the speaker knew the forward-looking statement was false and/or misleading and the forward-looking statement was authorized and/or approved by an executive officer of the Company who knew that the forward-looking statement was false. None of the historic or present-tense statements made by Defendants were assumptions underlying or relating to any plan, projection, or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by Defendants expressly related to or stated to be dependent on those historic or present-tense statements when made.

## **VIII. LOSS CAUSATION/ECONOMIC LOSS**

61. Defendants' wrongful conduct directly and proximately caused the economic loss suffered by Plaintiff and the Class. The price of Company securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses. As a result of their purchases of Company securities during the Class Period, Plaintiff and the Class suffered economic loss, *i.e.* damages, under the federal securities laws.

1 **IX. SCIENTER ALLEGATIONS**

2 62. During the Class Period, Defendants had both the motive and opportunity to  
 3 commit fraud. They also had actual knowledge of the misleading nature of the statements they  
 4 made or acted in reckless disregard of the true information known to them at the time. In so doing,  
 5 Defendants participated in a scheme to defraud and committed acts, practices, and participated in  
 6 a course of business that operated as a fraud or deceit on purchasers of Company securities during  
 7 the Class Period.

8 **X. CLAIMS AGAINST DEFENDANTS**

9 **COUNT I**

10 **For Violations of Section 10(b) of the Exchange Act and**  
 11 **Rule 10b-5 Promulgated Thereunder**  
**against All Defendants**

12 63. Plaintiff incorporates by reference the allegations in the preceding paragraphs.

13 64. During the Class Period, Defendants carried out a plan, scheme, and course of  
 14 conduct that was intended to and, throughout the Class Period, did: (1) deceive the investing public,  
 15 including Plaintiff and the Class; and (2) cause Plaintiff and the Class to purchase Company  
 16 securities at artificially inflated prices. In furtherance of this unlawful scheme, plan, and course  
 17 of conduct, the Defendants, and each of them, took the actions set forth herein.

18 65. Defendants: (1) employed devices, schemes, and artifices to defraud; (2) made  
 19 untrue statements of material fact and/or omitted material facts necessary to make the statements  
 20 not misleading; and (3) engaged in acts, practices, and a course of business which operated as a  
 21 fraud and deceit upon the purchasers of the Company's securities in an effort to maintain  
 22 artificially high market prices thereof in violation of Section 10(b) of the Exchange Act and Rule  
 23 10b-5.

24 66. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the  
 25 Class suffered damages in connection with their respective purchases of the Company's securities  
 26 during the Class Period.

**COUNT II**

**For Violations of Section 20(a) of the Exchange Act  
against the Individual Defendants**

67. Plaintiff incorporates by reference the allegations in the preceding paragraphs.

68. The Individual Defendants acted as controlling persons of the Company within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations, and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control—and did influence and control, directly or indirectly—the decision-making of the Company, including the content and dissemination of the various false and/or misleading statements. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

69. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular accounting practices giving rise to the securities violations as alleged herein, and exercised the same.

70. As described above, the Company and the Individual Defendants each violated Section 10(b) of the Exchange Act and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable under Section 20(a) of the Exchange Act. As a direct and proximate result of this wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of Company securities during the Class Period.

71. **WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

- a. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- b. Awarding compensatory damages and equitable relief in favor of Plaintiff and other members of the Class against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- c. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- d. Awarding such other and further relief as the Court may deem just and proper.

**XI. JURY DEMAND**

72. Plaintiff hereby demands a trial by jury.

DATED: January 6, 2022

Respectfully submitted,

**BYRNES KELLER CROMWELL LLP**

By: s/ Bradley S. Keller

Bradley S. Keller, WSBA #10665

By: s/ John A. Tondini

John A. Tondini, WSBA #19092

1000 Second Avenue, 38th Floor

Seattle, Washington 98104

Telephone: (206) 622-2000

Facsimile: (206), 622-2522

Email: bkeller@byrneskeller.com

jtondini@byrneskeller.com

*Local Counsel for Plaintiff Aaron Winston Hillier*

**KESSLER TOPAZ MELTZER  
& CHECK, LLP**

Naumon A. Amjed

Darren J. Check

Ryan T. Degnan

CLASS ACTION COMPLAINT FOR VIOLATIONS  
OF THE FEDERAL SECURITIES LAWS

BYRNES KELLER CROMWELL LLP  
1000 Second Avenue, 38th Floor  
Seattle, Washington 98104  
(206) 622-2000

Karissa J. Sauder  
280 King of Prussia Road  
Radnor, PA 19087  
Telephone: (610) 667-7706  
Facsimile: (610) 667-7056  
Emails: namjed@ktmc.com  
dcheck@ktmc.com  
rdegan@ktmc.com  
ksauder@ktmc.com

*Counsel for Plaintiff Aaron Winston Hillier*

CLASS ACTION COMPLAINT FOR VIOLATIONS  
OF THE FEDERAL SECURITIES LAWS

BYRNES KELLER CROMWELL LLP  
1000 Second Avenue, 38th Floor  
Seattle, Washington 98104  
(206) 622-2000

### CERTIFICATION

I, Aaron Winston Hillier, declare that:

1. I have reviewed the facts and allegations of the Class Action Complaint For Violations Of The Federal Securities Laws and authorize its filing.

2. I did not purchase and/or acquire the security that is the subject of this action at the direction of my counsel nor in order to participate in any private action under the federal securities laws.

3. I am willing to serve as a representative party on behalf of the class, including giving testimony at deposition and trial, if necessary. I understand that this is not a claim form, and that my ability to share in any recovery as a member of the class is not dependent upon execution of this Certification.

4. My Class Period purchase and sale transaction(s) in Zillow Group, Inc. securities that are the subject of this action are attached in Schedule A. I have complete authority to bring a suit to recover for investment losses for all securities set forth in Schedule A.

5. During the three years prior to the date of this Certification, I have not sought to serve nor served as a representative party for a class in an action filed under the federal securities laws.

6. I will not accept any payment for serving as a representative party on behalf of the class beyond my pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the Court.

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

Executed on: 1/6/2022

Aaron Winston Hillier  
Aaron Winston Hillier

SCHEDULE A

<u>Security</u>	<u>Buy/Sell</u>	<u>Date</u>	<u>Quantity</u>	<u>Price</u>
Com Stk	Buy	6/25/2021	40	\$118.96



JS 44 (Rev. 04/21)

**CIVIL COVER SHEET**

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

**I. (a) PLAINTIFFS**

AARON WINSTON HILLIER, Individually and on Behalf of  
All Others Similarly Situated,

(b) County of Residence of First Listed Plaintiff Los Angeles County (CA)  
(EXCEPT IN U.S. PLAINTIFF CASES)

**(c) Attorneys (Firm Name, Address, and Telephone Number)**

BYRNES KELLER CROMWELL LLP  
Bradley S. Keller  
1000 Second Avenue, 38th Floor  
Seattle, Washington 98104  
(206) 622-2000

KESSLER TOPAZ MELTZER & CHECK, LLP  
Naumon A. Amjed; Darren J. Check;  
Ryan T. Degnan; Karissa J. Sauder  
280 King of Prussia Road, Radnor, PA 19087  
(610) 667-7706

**DEFENDANTS**

ZILLOW GROUP, INC., RICHARD N. BARTON, LLOYD D.  
FRINK, ALLEN W. PARKER, and JEREMY WACKSMAN,

County of Residence of First Listed Defendant King  
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF  
THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

**II. BASIS OF JURISDICTION (Place an "X" in One Box Only)**

- ☐ 1 U.S. Government Plaintiff ☒ 3 Federal Question  
(U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant ☐ 4 Diversity  
(Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)**

- |   | PTF                        | DEF                        |   | PTF                        | DEF                        |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State                   | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State     | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State                | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation  | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

**IV. NATURE OF SUIT (Place an "X" in One Box Only)**

Click here for: [Nature of Suit Code Descriptions.](#)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<b>PERSONAL INJURY</b> <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>LABOR</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other <b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>INTELLECTUAL PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application <input type="checkbox"/> 840 Trademark <input type="checkbox"/> 880 Defend Trade Secrets Act of 2016 <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit (15 USC 1681 or 1692) <input type="checkbox"/> 485 Telephone Consumer Protection Act <input checked="" type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
<b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>CIVIL RIGHTS</b> <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	<b>PRISONER PETITIONS</b> <b>Habeas Corpus:</b> <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <b>Other:</b> <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement			

**V. ORIGIN (Place an "X" in One Box Only)**

- ☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from Another District (specify) ☐ 6 Multidistrict Litigation - Transfer ☐ 8 Multidistrict Litigation - Direct File

**VI. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):  
15 U.S.C. §§ 78j(b) and 78t(a) and 17 C.F.R. § 240.10b-5

Brief description of cause:  
Violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934

**VII. REQUESTED IN COMPLAINT:**

☒ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

**VIII. RELATED CASE(S) IF ANY**

(See instructions):

JUDGE Thomas S. Zilly

DOCKET NUMBER 2:21-cv-01551-TSZ;  
2:21-cv-01567-TSZ

DATE 01/06/2022 SIGNATURE OF ATTORNEY OF RECORD  
s/ Bradley S. Keller

**FOR OFFICE USE ONLY**

RECEIPT # \_\_\_\_\_ AMOUNT \_\_\_\_\_ APPLYING IFP \_\_\_\_\_ JUDGE \_\_\_\_\_ MAG. JUDGE \_\_\_\_\_

**INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**

## Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
  - (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
  - (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
- United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here. United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
- Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
- Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.
- Original Proceedings. (1) Cases which originate in the United States district courts.
- Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.
- Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
- Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
- Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
- Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
- Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.
- PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
- Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
- Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.



for the

Civil Action No.

Signature of Clerk or Deputy Clerk

AO 440 (Rev. 06/12) Summons in a Civil Action (Page 2)

Civil Action No. \_\_\_\_\_

**PROOF OF SERVICE***(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
 was received by me on *(date)* \_\_\_\_\_.

☐ I personally served the summons on the individual at *(place)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
 \_\_\_\_\_, a person of suitable age and discretion who resides there,  
 on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* \_\_\_\_\_, who is  
 designated by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I returned the summons unexecuted because \_\_\_\_\_; or

☐ Other *(specify)*:

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ \_\_\_\_\_ 0.00.

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
*Server's signature*

\_\_\_\_\_  
*Printed name and title*

\_\_\_\_\_  
*Server's address*

Additional information regarding attempted service, etc:

Western District of Washington

AARON WINSTON HILLIER, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff(s)

V.

ZILLOW GROUP, INC., RICHARD N. BARTON,  
LLOYD D. FRINK, ALLEN W. PARKER, and  
JEREMY WACKSMAN,

Defendant(s)

Civil Action No.

## SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)* Richard N. Barton  
c/o Zillow Group, Inc.  
1301 Second Avenue, Floor 31,  
Seattle, Washington 98101

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: **Bradley S. Keller**

Bradley S. Keller  
BYRNES KELLER CROMWELL LLP  
1000 Second Avenue, 38th Floor  
Seattle, Washington 98104

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: \_\_\_\_\_

---

*Signature of Clerk or Deputy Clerk*

Civil Action No. \_\_\_\_\_

**PROOF OF SERVICE***(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
 was received by me on *(date)* \_\_\_\_\_ .

☐ I personally served the summons on the individual at *(place)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_ ; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
 \_\_\_\_\_, a person of suitable age and discretion who resides there,  
 on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* \_\_\_\_\_, who is  
 designated by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_ ; or

☐ I returned the summons unexecuted because \_\_\_\_\_ ; or

☐ Other *(specify)*: \_\_\_\_\_

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ 0.00 .

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
*Server's signature*

\_\_\_\_\_  
*Printed name and title*

\_\_\_\_\_  
*Server's address*

Additional information regarding attempted service, etc:

## Western District of Washington

Civil Action No.

Signature of Clerk or Deputy Clerk

AO 440 (Rev. 06/12) Summons in a Civil Action (Page 2)

Civil Action No. \_\_\_\_\_

**PROOF OF SERVICE***(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
 was received by me on *(date)* \_\_\_\_\_.

☐ I personally served the summons on the individual at *(place)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
 \_\_\_\_\_, a person of suitable age and discretion who resides there,  
 on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* \_\_\_\_\_, who is  
 designated by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I returned the summons unexecuted because \_\_\_\_\_; or

☐ Other *(specify)*: \_\_\_\_\_

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ \_\_\_\_\_ 0.00 .

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
*Server's signature*

\_\_\_\_\_  
*Printed name and title*

\_\_\_\_\_  
*Server's address*

Additional information regarding attempted service, etc:



*Signature of Clerk or Deputy Clerk*

AO 440 (Rev. 06/12) Summons in a Civil Action (Page 2)

Civil Action No. \_\_\_\_\_

**PROOF OF SERVICE***(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
 was received by me on *(date)* \_\_\_\_\_.

☐ I personally served the summons on the individual at *(place)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
 \_\_\_\_\_, a person of suitable age and discretion who resides there,  
 on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* \_\_\_\_\_, who is  
 designated by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I returned the summons unexecuted because \_\_\_\_\_; or

☐ Other *(specify)*:

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ \_\_\_\_\_ 0.00.

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
*Server's signature*

\_\_\_\_\_  
*Printed name and title*

\_\_\_\_\_  
*Server's address*

Additional information regarding attempted service, etc:

for the

Plaintiff(s)

V.

Defendant(s)

Civil Action No.

Signature of Clerk or Deputy Clerk

AO 440 (Rev. 06/12) Summons in a Civil Action (Page 2)

Civil Action No. \_\_\_\_\_

**PROOF OF SERVICE***(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
 was received by me on *(date)* \_\_\_\_\_.

☐ I personally served the summons on the individual at *(place)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
 \_\_\_\_\_, a person of suitable age and discretion who resides there,  
 on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* \_\_\_\_\_, who is  
 designated by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
 \_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I returned the summons unexecuted because \_\_\_\_\_; or

☐ Other *(specify)*: \_\_\_\_\_

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ \_\_\_\_\_ 0.00.

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
*Server's signature*

\_\_\_\_\_  
*Printed name and title*

\_\_\_\_\_  
*Server's address*

Additional information regarding attempted service, etc: