

Robinhood Outage Triggers Class Action Lawsuit

March 6, 2020

Robinhood faces a lawsuit following outages earlier this week that prevented millions of its users from trading as stock markets gyrated.

The zero-commission brokerage's stock trading app went dark Monday and Tuesday, locking out 10 million users, according to the claim.

The lead plaintiff in the case, which seeks class-action status, states that the site went down at 9:33 a.m. Monday, preventing investors from making any changes for all but three minutes that day. Robinhood did not announce it had resolved the problem fully until 2:19 p.m. Tuesday, the suit notes.

As a result, investors could not reallocate portfolios during some of the most **volatile** days on record, the lawsuit claims.

Travis Taaffe filed the complaint in **U.S. District Court, Middle District of Florida, Tampa Division**.

Taaffe says that all of Robinhood's approximately 10 million customers "and/or users" are potential members of the class action. Robinhood owes \$5 million in aggregate damages, the complaint argues.

Travis Taaffe's lawyer is his father, **Michael Taaffe**, the FT reports.

"He [Travis Taaffe] called me and said he had a small trading account at Robinhood and he couldn't get on," Michael Taaffe said in an interview with the paper. Michael Taaffe's firm then received calls throughout the day from users unable to access their Robinhood accounts.

Some of the junior associates at his firm said they were likewise unable to use the app, according to the FT.

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Robinhood Class Action
@ClassRobinhood

If you haven't already DELETE THE APP AND TRANSFER FUNDS. Take screenshots and save all comms. These guys have acquisition costs etc. if they have a few down quarters it pushes them farther away from an exit/ IPO or next funding round. Updates in the morning. Stay strong -G

66 7:58 PM - Mar 4, 2020

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Its been a wild 3 days....



42 7:02 PM - Mar 4, 2020

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Robinhood declined comment on the lawsuit to the paper.

The firm’s co-CEOs wrote that the outage was due to “stress on our infrastructure — which struggled with unprecedented load.

“That in turn led to a ‘thundering herd’ effect — triggering a failure of our DNS system,” TechCrunch reports.

The company offered its clients \$15 discounts as a “first step,” the web publication writes.

“We take our responsibility to you and your money seriously. We recognize that many of you have questions, and we’re working to respond to them as quickly as possible,” the executives **wrote**.

That wasn’t enough for some users.

“We are actively building a case against Robinhood for their negligence and late open on March 2, 2020,” a **Twitter** account operating under the handle “Robinhood

Class Action” writes in their bio. “They have been fined by **Finra** before.”

Indeed, the industry’s self-regulator fined Robinhood **in December** 2019 for best execution violations in customer equity orders, as well as supervisory failures, as reported.

By Alex Padalka

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