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Counsel for Plaintiff Gregory S. McComas, Sr.

IN THE COURT OF COMMON PLEAS OF MONTGOMERY COUNTY, PENNSYLVANIA

GREGORY S. MCCOMAS, SR., Individually and on Behalf of All Others Similarly Situated,

Plaintiff,

vs.

BRIGHTVIEW HOLDINGS, INC., KOHLBERG KRAVIS ROBERTS & CO L.P., MSD PARTNERS, L.P., ANDREW V. MASTERMAN, JOHN A. FEENAN, LOUAY H. KHATIB, JAMES R. ABRAHAMSON, DAVID R. CARO, PAUL E. RAETHER, RICHARD W. ROEDEL, JOSHUA T. WEISENBECK, GOLDMAN SACHS & CO. LLC, J.P. MORGAN SECURITIES LLC, KKR CAPITAL MARKETS LLC, UBS SECURITIES LLC, ROBERT W. BAIRD & CO. INCORPORATED, CREDIT SUISSE SECURITIES (USA) LLC, MACQUARIE CAPITAL (USA) INC., JEFFERIES LLC, MIZUHO SECURITIES USA LLC, MORGAN STANLEY & CO. LLC, RBC CAPITAL MARKETS, LLC, NOMURA SECURITIES INTERNATIONAL, INC., STIFEL, NICOLAUS & COMPANY, INCORPORATED, WILLIAM BLAIR & COMPANY, L.L.C., MOELIS & COMPANY LLC, SMBC NIKKO SECURITIES AMERICA, INC., KKR BRIGHTVIEW AGGREGATOR L.P., and MSD VALLEY INVESTMENT, LLC,

Defendants.

CIVIL ACTION

Case No. 2019-07222

AMENDED CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

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Gregory S. McComas, Sr. ("Plaintiff"), individually and on behalf of a class of similarly situated persons and entities, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, the investigation undertaken by Plaintiff's counsel, which included review and analysis of (a) regulatory filings made by BrightView Holdings, Inc. ("BrightView" or the "Company") with the United States Securities and Exchange Commission ("SEC"); (b) public reports and news articles; (c) research reports by securities and financial analysts; (d) press releases, transcripts of earnings calls, and other public statements issued by and disseminated by the Company; (e) interviews with former BrightView employees; and (f) other publicly available material and data. Plaintiff believes that further substantial evidentiary support will exist for the allegations contained herein after a reasonable opportunity for discovery.

I. NATURE AND SUMMARY OF THE ACTION

1. The claims alleged herein are strict liability claims for violations of Sections 11 and 15 of the Securities Act of 1933 ("Securities Act") relating to BrightView's initial public offering of 24,495,000 shares of common stock at a price of $22 per share, which occurred on or about June 28, 2018 (the "IPO"). This securities class action is brought on behalf of a class of all those who purchased or otherwise acquired BrightView's publicly traded common stock pursuant and/or traceable to the Registration Statement, as detailed herein, for the Company's IPO, and who were damaged thereby.

2. The Securities Act was passed by Congress in the hopes of restoring investor confidence after corporate scandals and the stock market crash of 1929. It requires that those who sell securities to the investing public do so on the basis of accurate and fulsome disclosures. The Securities Act creates liability for false, misleading, and incomplete statements made in

connection with public securities offerings in order to protect investors and maintain confidence in our public markets.

3. Defendant BrightView describes itself as a leading provider of commercial landscaping services, with a 2.7% market share in the United States and maintaining the "#1 position in a large, highly fragmented and growing industry." According to BrightView, no other industry participant holds more than 1% market share.

4. BrightView's business is organized into two segments: (i) Maintenance services and (ii) Development services. BrightView's Maintenance segment accounts for approximately 75% of the Company's revenue and includes basic services such as lawn-mowing and gardening. BrightView's Development segment accounts for the remaining 25% of the Company's business and includes landscape development and redesign services.

5. As further alleged below, BrightView repeatedly emphasized in connection with the IPO the predictability and consistency of its revenue base, which was "enhanced by compelling contract renewal rates, yielding 'sticky' relationships" with its customers.

6. However, prior to the IPO, many of BrightView's landscape maintenance contracts were aggressively priced in order to meet sales goals. This fact coupled with increasing costs, including labor costs, resulted in the Company needing to confront a multitude of "lower profit" or "less profitable" contracts.

7. In order to address this problem, leading up to the IPO, BrightView commenced a "Managed Exit" initiative to intentionally exit these low profit contracts. This process was planned to continue into 2019 and would have the effect of reducing the Company's organic growth.

8. The Registration Statement did not disclose the Company's problem with "lower profit" or "less profitable" contracts nor did it disclose the "Managed Exit" initiative.

9. The Registration Statement also touted the Company's workforce. In particular, the Registration Statement claimed that the Company's workforce "drives substantial competitive advantages" and "is critical to [BrightView's] success." Further, the Registration Statement disclosed that the Company historically used and expected to continue to use the U.S. government's H-2B visa program to satisfy its labor needs.

10. However, the Registration Statement for the IPO did not disclose that, prior to the IPO, BrightView was unable to obtain employees through the H-2B visa program as it historically had, and without those employees, the Company was facing a labor shortage and increased labor costs.

11. After the IPO, the Company would be forced to admit that it was facing a problem with low profit contracts and had begun a "Managed Exit" initiative at least six months before the IPO and that the Company's organic growth would be negatively impacted going forward. The Company also admitted that it had experienced "a shortfall of roughly 2,000 head count of labor" because the Company "didn't get the H-2B that [they] historically got." Each of these admitted adverse facts are confirmed to have been in existence at the time of the IPO by the statements from former employees.

12. In particular, former employees have confirmed that, at the time of the IPO, the Company was in the process of exiting many contracts that were priced too low and faced profitability problems. Further, according to former BrightView employees, the Company had detailed and sophisticated systems in place for tracking and monitoring these issues.

13. Former BrightView employees have also confirmed that the H-2B visa application process begins in January and that BrightView's labor shortage began months before the IPO when it did not receive the number of visas it needed in the spring of 2018.

14. As a result of these undisclosed adverse facts, by February 8, 2019, the price of BrightView shares had fallen to $12.75 per share, ***42%*** below the price at which BrightView shares had been sold to investors in the IPO.

II. JURISDICTION AND VENUE

15. The claims alleged herein arise under and pursuant to Sections 11 and 15 of the Securities Act, 15 U.S.C. §§ 77*k* and 77*o*.

16. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77*v*, and 42 Pa. Cons. Stat. § 93l(a). The amount in controversy exceeds $50,000, exclusive of interest and costs, the jurisdictional amount. This case is a proceeding in which exclusive jurisdiction is not vested by law in another court. Section 22 of the Securities Act expressly prohibits removal of this action to federal court.

17. This Court has personal jurisdiction over each of the Defendants named herein pursuant to 42 Pa. Cons. Stat. § 5322(a) and 42 Pa. Cons. Stat. § 5301 as well as Section 22 of the Securities Act. Each of the Defendants conducted business in, were citizens of, and/or had designated a registered agent to accept service of process on their behalf in the Commonwealth of Pennsylvania at the time of the IPO. BrightView has maintained its principal executive offices in the Commonwealth at all relevant times herein, and each of the Individual Defendants, as defined herein: (1) resides in the Commonwealth and/or Montgomery County; (2) works in the Commonwealth and/or Montgomery County; (3) served as a director of BrightView, a Pennsylvania and Montgomery County headquartered company, at the time of the IPO; and/or (4) signed the Registration Statement for the IPO in the City of Plymouth Meeting, Pennsylvania.

Each of the Underwriter Defendants, as defined herein, maintains an office or conducts significant business, including business related to the IPO, in the Commonwealth and/or Montgomery County. The violations of law complained of herein occurred in the Commonwealth and Montgomery County, including the preparation and dissemination of the materially false and misleading Registration Statement complained of herein, which statements were disseminated from and into the Commonwealth.

18. Venue in this Court is proper under Rules 1006 and 2179 of the Pennsylvania Rules of Civil Procedure and Section 22 of the Securities Act. A substantial part of the events and omissions that give rise to the claims asserted herein occurred in and emanated from Montgomery County, including the dissemination of the statements herein alleged to be false and misleading and the purchase of BrightView common stock at prices affected by these allegedly false and misleading statements by members of the class residing in Montgomery County. Each of the Defendants has an office or residence in Montgomery County and/or conducts significant business in Montgomery County.

III. THE PARTIES

A. Plaintiff

19. Plaintiff Gregory S. McComas, Sr. purchased BrightView common stock pursuant and/or traceable to the IPO and was damaged thereby.

B. Corporate Defendant

20. Defendant BrightView Holdings, Inc. ("BrightView" or the "Company") was formed through the 2014 merger of two large landscaping companies—Brickman Group and ValleyCrest Companies—which were acquired by affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR&Co.") during late 2013 and mid-2014, respectively. BrightView provides commercial landscaping services to corporate and commercial properties, home owner

associations, public parks, hotels and resorts, hospitals, educational institutions, restaurants and retail, and golf courses. BrightView is incorporated under the laws of Delaware and its headquarters are located at 401 Plymouth Road, Suite 500, Plymouth Meeting, Pennsylvania. The Company's stock is listed under the ticker symbol "BV" and trades on the New York Stock Exchange ("NYSE").

C. Individual Defendants

21. Defendant Andrew V. Masterman ("Masterman") is, and was at the time of the IPO, Chief Executive Officer ("CEO") of BrightView and a member of the Company's Board of Directors.

22. Defendant John A. Feenan ("Feenan") is, and was at the time of the IPO, Executive Vice President, Chief Financial Officer ("CFO") of BrightView.

23. Defendant Louay H. Khatib ("Khatib") is, and was at the time of IPO, Chief Accounting Officer ("CAO") of BrightView.

24. Defendant James R. Abrahamson ("Abrahamson") is, and was at the time of the IPO, a member of BrightView's Board of Directors.

25. Defendant David R. Caro ("Caro") was at the time of the IPO a member of BrightView's Board of Directors. At the time of IPO, Caro was also a Managing Director of MSD Partners L.P. and had worked for MSD Partners L.P. or its affiliate MSD Capital L.P. since 2000.

26. Defendant Paul E. Raether ("Raether") is, and was at the time of the IPO, a member of BrightView's Board of Directors. At the time of the IPO, Raether was also a Senior Advisory Partner of KKR&Co. having joined KKR&Co. in 1980. As of the date of the IPO, Defendant Raether served on KKR&Co.'s three regional Portfolio Management Committees.

27. Defendant Richard W. Roedel ("Roedel") is, and was at the time of the IPO, a member of BrightView's Board of Directors.

28. Defendant Joshua T. Weisenbeck ("Weisenbeck") is, and was the time of the IPO, a member of BrightView's Board of Directors. At the time of the IPO, Defendant Weisenbeck was also a Member at KKR&Co., having joined that firm in 2008, and was a member of KKR&Co.'s Industrials Private Equity team.

29. The Defendants Masterman, Feenan, Khatib, Abrahamson, Caro, Raether, Roedel, and Weisenbeck are referred to collectively herein as the "Individual Defendants." Defendants Masterman and Feenan are sometimes referred to collectively herein as the "Executive Defendants."

30. The Registration Statement, in discussing BrightView's status as a "controlled company," disclosed that the Company did not have a majority of independent directors.

31. Each of the Individual Defendants signed the Registration Statement for the IPO in the City of Plymouth Meeting, Pennsylvania. Each of the Individual Defendants reviewed, edited, and approved the Registration Statement. In addition, each of the Executive Defendants, in his capacity as a senior executive of BrightView, reviewed, edited, and approved the IPO's roadshow presentation, talking points, and script. Further, the Executive Defendants co-presented BrightView's roadshow presentation to potential investors and presented highly favorable information about the Company, its operations, and its financial prospects.

D. Controlling Stockholder Defendants

32. Defendant Kohlberg Kravis Roberts & Co. L.P. ("KKR&Co."), together with its subsidiaries, is a global investment firm that manages multiple alternative asset classes to generate investment returns for its fund investors. The Registration Statement identifies KKR&Co. as a "Sponsor" of the IPO.

33. According to the Registration Statement, KKR&Co.'s holdings of BrightView common stock are directly owned by its affiliate Defendant KKR BrightView Aggregator L.P. ("KKR Aggregator" and, together with KKR&Co, "KKR"). KKR&Co.'s ownership and control of KKR Aggregator, through a series of partnerships and limited companies, is disclosed in the Registration Statement. According to the Registration Statement: (1) KKR Aggregator's general partner is KKR BrightView Aggregator GP LLC; (2) KKR BrightView Aggregator GP LLC's sole member is KKR North America Fund XI L.P.; (3) KKR North America Fund XI L.P.'s general partner is KKR Associates North America XI L.P.; (4) KKR Associates North America XI L.P.'s general partner is KKR North America XI Limited; (5) KKR North America XI Limited's sole shareholder is KKR Fund Holdings L.P.; (6) KKR Fund Holdings L.P.'s general partner is KKR Fund Holdings GP Limited; (7) KKR Fund Holdings GP Limited's sole shareholder is KKR Group Holdings L.P.; (8) KKR Group Holdings L.P.'s general partner is KKR Group Limited; and (9) KKR Group Limited's sole shareholder is KKR&Co.

34. Both before and after the IPO, KKR owned and controlled a majority of BrightView's common stock. In the Registration Statement, the Company conceded that as a result of KKR's ownership and control of BrightView's common stock, BrightView is a "controlled company" within the meaning of the corporate governance standards of the NYSE.

35. Prior to the IPO, KKR owned and controlled, through the structure described above, 58,418,246 BrightView shares or 73% of BrightView's total common stock. Following the IPO, KKR continued to own and control 55.9%.

36. Defendant MSD Partners L.P. ("MSD Partners"), an SEC-registered investment adviser, was formed in 2009 by the partners of MSD Capital, L.P., a private investment firm that

exclusively manages the capital of Michael Dell and his family. The Registration Statement identified MSD Partners as a "Sponsor" of the IPO.

37. Defendant MSD Valley Investment, LLC ("MSD Valley" and, together with MSD Partners, "MSD") is an affiliate of and managed by MSD Partners. According to the Registration Statement, MSD's holdings of BrightView common stock are directly owned by MSD Valley.

38. Both before and after the IPO, MSD owned and controlled a large percentage of BrightView's common stock. In the Registration Statement, BrightView conceded that as a result of MSD's ownership and control of BrightView common stock, it is a "controlled company" within the meaning of the corporate governance standards of the NYSE.

39. Prior to the IPO, MSD owned and controlled, through the structure described above, 13,630,362 BrightView shares or 17% of BrightView's total common stock. Following the IPO, MSD continued to own and control 13%.

40. Defendants MSD and KKR are collectively referred to herein as the "Controlling Stockholder Defendants."

41. The Registration Statement disclosed that, prior to the IPO, the Controlling Stockholder Defendants owned and controlled 90.1% of BrightView's common stock and that, after completion of the IPO, the Controlling Stockholder Defendants continued to own and control 69% of BrightView's common stock. The Registration Statement also disclosed that the Controlling Stockholder Defendants controlled the election and removal of BrightView's directors and thereby controlled BrightView's policies and operations, including the appointment of management, future issuances of common stock and other securities, payment of dividends, incurrence or modification of indebtedness, and amendment of the Company's certificate of

incorporation or bylaws. Further, according to the Registration Statement, the Controlling Stockholder Defendants were able to determine the outcome of all matters requiring stockholder approval. As a result, the Controlling Stockholder Defendants controlled BrightView at the time of the IPO.

E. Underwriter Defendants

42. Defendant Goldman, Sachs & Co. LLC ("Goldman Sachs") is an investment banking firm that acted as an underwriter of the IPO. Goldman Sachs acted as a representative of the IPO's underwriters and a joint book-running manager for the IPO. Goldman Sachs was allocated 3,621,000 shares in the IPO to sell to the investing public. Goldman Sachs conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

43. Defendant J.P. Morgan Securities LLC ("J.P. Morgan") is an investment banking firm that acted as an underwriter of the IPO. J.P. Morgan acted as a representative of the IPO's underwriters and a joint book-running manager for the IPO. J.P. Morgan was allocated 3,621,000 shares in the IPO to sell to the investing public. J.P. Morgan conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

44. Defendant KKR Capital Markets LLC ("KKR Capital") is an investment banking firm that acted as an underwriter of the IPO. KKR Capital acted as a joint book-running manager for the IPO and was allocated 3,621,000 shares to sell to the investing public. KKR Capital is an affiliate of KKR&Co. and was therefore deemed, according the Registration Statement, to have a "conflict of interest" under Rule 5121 of the Financial Industry Regulatory Authority, Inc. in connection with the IPO. KKR Capital conducts business in the Commonwealth of Pennsylvania

and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

45. Defendant UBS Securities LLC ("UBS") is an investment banking firm that acted as an underwriter of the IPO. UBS acted as joint book-running manager for the IPO and was allocated 1,650,750 shares to sell to the investing public. UBS conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

46. Defendant Robert W. Baird & Co. Incorporated ("Baird") is an investment banking firm that acted as an underwriter of the IPO. Baird acted as joint book-running manager for the IPO and was allocated 1,171,500 shares to sell to the investing public. Baird conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

47. Defendant Credit Suisse Securities (USA) LLC ("Credit Suisse") is an investment banking firm that acted as an underwriter of the IPO. Credit Suisse acted as joint book-running manager for the IPO and was allocated 1,171,500 shares to sell to the investing public. Credit Suisse conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

48. Defendant Macquarie Capital (USA) Inc. ("Macquarie") is an investment banking firm that acted as an underwriter of the IPO. Macquarie acted as joint book-running manager for the IPO and was allocated 1,171,500 shares to sell to the investing public. Macquarie conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

49. Defendant Jefferies LLC ("Jefferies") is an investment banking firm that acts as an underwriter of the IPO. Jefferies acted as joint book-running manager for the IPO and was allocated 798,750 shares to sell to the investing public. Jeffries conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

50. Defendants Mizuho Securities USA LLC ("Mizuho") is an investment banking firm that acted as an underwriter of the IPO. Mizuho acted as joint book-running manager for the IPO and was allocated 798,750 shares to sell to the investing public. Mizuho conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

51. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") is an investment banking firm that acted as an underwriter of the IPO. Morgan Stanley acted as joint book-running manager for the IPO and was allocated 798,750 shares to sell to the investing public. Morgan Stanley conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

52. Defendant RBC Capital Markets, LLC ("RBC") is an investment banking firm that acted as an underwriter of the IPO. RBC acted as joint book-running manager for the IPO and was allocated 798,750 shares to sell to the investing public. RBC conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

53. Defendant Nomura Securities International, Inc. ("Nomura") is an investment banking firm that acted as an underwriter of the IPO. Nomura acted as co-manager for the IPO

and was allocated 479,250 shares to sell to the investing public. Nomura conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

54. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel") is an investment banking firm that acted as an underwriter of the IPO. Stifel acted as co-manager for the IPO and was allocated 479,250 shares to sell to the investing public. Stifel conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

55. Defendant William Blair & Company, L.L.C. ("William Blair") is an investment banking firm that acted as an underwriter of the IPO. William Blair acted as co-manager for the IPO and was allocated 479,250 shares to sell to the investing public. William Blair conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

56. Moelis & Company LLC ("Moelis") is an investment banking firm that acted as an underwriter of the IPO. Moelis acted as co-manager for the IPO and was allocated 319,500 shares to sell to the investing public. Moelis conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

57. SMBC Nikko Securities America, Inc. ("SMBC") is an investment banking firm that acted as an underwriter of the IPO. SMBC acted as co-manager for the IPO and was allocated 319,500 shares to sell to the investing public. SMBC conducts business in the Commonwealth of Pennsylvania and Montgomery County, including but not limited to the sale and/or solicitation of BrightView's common stock through the IPO.

58. Defendants Goldman Sachs, J.P. Morgan, KKR Capital, UBS, Baird, Credit Suisse, Macquarie, Jefferies, Mizuho, Morgan Stanley, RBC, Nomura, Stifel, William Blair, Moelis, and SMBC are collectively referred to herein as the "Underwriter Defendants."

59. Defendant BrightView, the Individual Defendants, the Controlling Stockholder Defendants, and the Underwriter Defendants are referred to collectively herein as the "Defendants."

60. The Underwriter Defendants are investment banking houses which specialize, *inter alia*, in underwriting public offerings of securities. They served as the underwriters of the IPO and shared more than $32 million in fees paid to the underwriting syndicate.

61. The Underwriter Defendants determined that in return for their share of the IPO's proceeds, they were willing to merchandise BrightView's common stock in the IPO. The Underwriter Defendants arranged for a roadshow prior to the IPO during which they, and the Executive Defendants, met with potential investors and presented highly favorable information about the Company, its operations, and its financial prospects.

62. The Underwriter Defendants also demanded and obtained an agreement from BrightView that BrightView would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws. They also made certain that BrightView had purchased millions of dollars in directors' and officers' liability insurance.

63. Representatives of the Underwriter Defendants assisted BrightView, the Individual Defendants, and the Controlling Stockholder Defendants in planning the IPO, and purportedly conducted an adequate and reasonable investigation into the business and operations of BrightView, an undertaking known as a "due diligence" investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the IPO. During

the course of their "due diligence," the Underwriter Defendants had continual access to confidential corporate information concerning BrightView's operations and financial prospects.

64. In addition to availing themselves of virtually unbridled access to internal corporate documents, the Underwriter Defendants and/or their agents, including their counsel, had access to the Company's lawyers, management, and directors and top executives (including the Individual Defendants) to determine: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO, including the price at which the Company's common stock would be sold; (iii) the language to be used in the Registration Statement; (iv) what disclosures about the Company would be made in the Registration Statement; and (v) what responses would be made to the SEC in connection with its review of the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants and/or their agents and the Company's directors and top executives (including the Individual Defendants), at a minimum, the Underwriter Defendants were negligent in not knowing of the Company's undisclosed existing problems and plans, and the materially untrue statements and omissions contained in the Registration Statement as detailed herein.

65. The Underwriter Defendants caused the Registration Statement to be filed with the SEC and to be declared effective in connection with offers and sales of the Company's common stock pursuant and/or traceable to the IPO and relevant offering materials, including to Plaintiff and the Class.

IV. SUBSTANTIVE ALLEGATIONS

A. BrightView's History and Business

66. Defendant BrightView is the largest commercial landscaping company in the United States. BrightView provides a range of commercial landscaping services and operates through a national network of branches in 30 states and, through its qualified service partner

network, is able to provide coverage to over 14,000 customers and 51,000 sites across all 50 U.S. states and Puerto Rico.

67. BrightView was formed in 2014 by private equity firm KKR&Co. through the merger of two large landscaping companies—Brickman Group and ValleyCrest Companies—that KKR&Co. had previously acquired with $1.6 billion in debt funded by a syndicate of banks including Goldman Sachs and J.P. Morgan. This combined Brickman/ValleyCrest entity was re-named BrightView in December 2014.

68. BrightView operates two business segments: Maintenance and Development.

69. BrightView's Maintenance segment accounts for approximately 75% of the Company's revenue and generated $1.65 billion in sales in 2017.[1] This segment consists of a "full suite of recurring commercial landscaping services," such as lawn-mowing, gardening, mulching, and snow removal, as well as more specialized services such as water management, irrigation maintenance, tree care, and golf course maintenance.

70. BrightView's Development segment accounts for approximately 25% of the Company's revenue and generated approximately $578 million in revenue in 2017. This segment provides landscape architecture and development services for new facilities and significant redesign, plus self-performed services such as installation, irrigation, hardscape, pools and water features.

71. BrightView claims to be the "#1 provider of commercial landscaping services," and BrightView generates most of its revenues from these landscape maintenance contracts with large corporations, universities, and municipal parks. A significant portion of these contracts are one to three years in length with a fixed or capped fee irrespective of BrightView's costs. In

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[1] BrightView's fiscal year ends in September.

other words, BrightView's profitability on these contracts depends on its ability to manage its costs under the contract price.

72. BrightView uses a computer system called "Coins" to price contracts. That same system is used to manage the contract. In particular, the Coins system displays information from which estimated costs versus actual costs for the contract as well as the contract's profitability could be derived.

73. Contract costs in Coins were updated in real-time and could be reviewed on a weekly basis.

74. Indeed, a former BrightView employee who was most recently a Vice President ("Former Employee 1") and worked at BrightView from 2014 until Spring 2018 stated that BrightView's systems for contract performance reporting were "detailed and sophisticated" and the performance data would refresh at least "every other week," but refreshed more regularly during renewal season.

75. BrightView uses the Coins system to monitor contracts on a monthly and annual basis. Annual reviews take place between August and January and are part of the budgeting process for the following year. In other words, the annual review started in August 2017 was done in connection with budgeting for 2018. The Coins system was also used to price existing contracts for renewal.

76. BrightView also uses a computer program called Electronic Time Capture ("ETC") to track the time spent at each location to make sure that the contract is being properly managed.

77. The Registration Statement claims in bold, that BrightView has a "***Recurring and Predictable Revenue Base***."

78. Specifically, according to the Registration Statement, BrightView's "business model is inherently stable, predictable, and insulated from economic volatility due to several factors." These factors include, according to the Registration Statement, the fact that "[t]he majority of [BrightView's] revenues are generated from maintenance services, which provide a highly predictable, recurring revenue stream with clear visibility into future performance."

79. The Registration Statement also touts that "[t]he predictability of [BrightView's] platform is further enhanced by compelling contract renewal rates." According to the Registration Statement, due to the non-discretionary nature of landscape maintenance and BrightView's "long history with many of [its] customers," the Company "achieved a landscape maintenance contract renewal rate of approximately 85% for each calendar year 2016 and 2017."

B. BrightView's Workforce and H-2B Visas

80. BrightView employs approximately 19,000 employees, including seasonal workers, consisting of approximately 18,500 full-time and approximately 500 part-time employees through the Company's two business segments. As of March 31, 2018, BrightView's Development segment employed approximately 2,250 employees and the Maintenance segment employed approximately 16,475 employees, in addition to BrightView's 275 corporate staff employees.

81. Labor costs are BrightView's most significant expense—costing approximately 40% of the Company's revenue—as it employs thousands of maintenance workers, especially during the spring and summer months when BrightView experiences its highest level of employment.

82. According to the Registration Statement, BrightView's "employee base . . . drives substantial competitive advantages" and the Company's "human capital is critical to [its] success."

83. BrightView relies on a U.S. government program that provides H-2B temporary, non-immigrant visas to foreign workers to satisfy a portion of the Company's employee needs. This program allows BrightView to source hundreds of seasonal employees while lowering its labor costs. For example, BrightView has stated that it employed 1,626 seasonal foreign workers through the H-2B visa program in 2017. Any inability to hire these seasonal employees directly affects BrightView's ability to deliver high-quality and timely services.

84. As a former BrightView Vice President who worked for BrightView prior to the IPO ("Former Employee 3") stated, just as contracts were reviewed annually during the budgeting process, so was the need for obtaining H-2B visas. Former Employee 1 explained BrightView submits applications for H-2B visas in January and the Company received notification of whether the visas are granted in February or March. Former Employee 1 also explained that those working with visas then begin working for BrightView at the end of March or beginning of April. Former Employee 1 confirmed that BrightView's planning process for H-2B visa applications begins in the fall of the prior year, and that BrightView worked with a staffing firm to collect headcounts and prepare visa requests around September. According to Former Employee 1, BrightView would file those applications beginning on January 1st and the Vice President of Human Resources would find out the status of those applications in March.

C. The Registration Statement and the IPO

85. On or about May 30, 2018, BrightView filed with the SEC its registration statement on Form S-1 (the "Form S-1"), which, following amendments on June 11, 2018 and June 18, 2018, was declared effective by the SEC on June 28, 2018.

86. On or about June 27, 2018, BrightView announced the pricing of its initial public offering at $22.00 per share. BrightView also announced that it intended to use the net proceeds from the offering to repay borrowings outstanding under its second lien term loan facility and its

revolving credit facility and, with all remaining proceeds, to repay borrowings outstanding under its first lien term loan facility.

87. On or about June 29, 2018, BrightView filed with the SEC its final prospectus for the IPO on Form 424B4 (the "Prospectus"), which forms part of the Registration Statement (the Prospectus and Form S-1, as amended, are referred to collectively herein as the "Registration Statement"), and sold 24,495,000 million shares of common stock (including 3,195,000 shares representing the exercise in full of the underwriters' overallotment on or about July 6, 2018) to the investing public. BrightView received over approximately $501.2 million in net proceeds from the IPO.

D. BrightView's Registration Statement Contained Material Untrue Statements and Omitted Material Information

88. The Registration Statement contained untrue statements of material facts or omitted to state other facts necessary to make the statements made not misleading and was not prepared in accordance with the rules and regulations governing its preparation.

89. Specifically, the Registration Statement failed to disclose that, at the time of the IPO, BrightView faced so many low profit contracts that it had already begun a "Managed Exit" initiative, in which it would cancel or decline to renew these contracts.

90. According to Former Employee 1, as BrightView worked towards its IPO in 2018 there was an increased scrutiny on contract profitability. Further, Former Employee 1 stated that while the decision to renew a contract or not was typically handled at the branch level, as the IPO approached, there was more direction on these decisions from upper management, especially as the scale of job increased.

91. According to a former BrightView Market Controller ("Former Employee 2"), who left the Company in Summer 2018 after having spent nearly a decade there, BrightView

walked away from millions of dollars' worth of contracts in 2017 and 2018. According to Former Employee 2, the budget planning would start in August or September.

92. Former Employee 2 stated that it was unrealistic sales goals from upper management that lead to contracts being priced too low which then lead to profitability problems. Former Employee 2 explained that when Business Developers were "lagging behind" their sales targets, they would sell contracts "incredibly below margin," which led to unprofitable contracts.

93. These statements from former employees confirm what BrightView itself admitted after the IPO, *i.e.*, that the Company had started the process of exiting lower profit contracts as early as six months ***prior*** to the IPO, that the process would continue through the remainder of 2018, and as a result there would be a negative impact on the Company's organic growth.

94. The Registration Statement also failed to disclose that, at the time of the IPO, BrightView was unable to obtain employees through the H-2B visa program as it had typically heavily relied on.

95. Former Employee 1 stated that in 2016 and 2017 BrightView received between approximately 1,000 and 1,500 H-2B visas, but in 2018 the Company learned prior to the IPO that it had received only about 300 H-2B visas.

96. According to Former Employee 3, if BrightView is not granted the amount of visas it applies for, then it is difficult for the Company to hire enough workers for the season.

97. Former Employee 1 explained that BrightView was "severely impacted" by the lack of visas granted in 2018 and took a "huge hit" in labor, resulting in lost contracts due to poor service because of the labor shortage.

98. Again, these statements from former employees confirm what the Company had to later admit: Prior to the IPO, BrightView did not obtain the number of H-2B visas it needed and historically received and as a result the Company had a workforce shortfall "of roughly 2,000 head[s]."

1. The Registration Statement Contained False and Misleading Statements of Material Fact About BrightView's Contracts with Customers and Failed to Disclose BrightView's "Managed Exit" Initiative

99. The Registration Statement represented that BrightView's "business model" was "inherently stable [and] predictable" since BrightView generates a majority of its revenues from maintenance services, "which provide a highly predictable, recurring revenue stream with clear visibility into future performance" and that predictability "is further enhanced by compelling contract renewal rates." The Registration Statement stated, in pertinent part, as follows:

> **Our Competitive Strengths**
>
> * * *
>
> ***Recurring and Predictable Revenue Base***
>
> ***Our business model is inherently stable, predictable, and insulated from economic volatility due to several factors. The majority of our revenues are generated from maintenance services, which provide a highly predictable, recurring revenue stream with clear visibility into future performance.*** Many of the commercial landscape maintenance services which we provide are non-discretionary for our customers, who are focused on maintaining a perceived level of quality or desired environment at a given location.
>
> ***The predictability of our platform is further enhanced by compelling contract renewal rates, yielding "sticky" relationships and consistent revenue streams across our diverse customer base. Our focus on systematically delivering our services locally has resulted in a landscape maintenance contract renewal rate of approximately 85% for each of calendar year 2016 and 2017 despite low customer concentration, with our top ten customers representing only 12% of fiscal year 2017 revenues.***

100. Indeed, the Registration Statement repeatedly represented that BrightView benefitted from "stable, recurring revenues" and noted that BrightView had "compelling contract renewal rates." The Registration Statement stated, in pertinent part, as follows:

> **Our Company**
>
> We believe our commercial customer base understands the financial and reputational risk associated with inadequate landscape maintenance and considers our services to be essential and non-discretionary. ***This creates recurring revenue and enhances the predictability of our business model, as demonstrated by our landscape maintenance contract renewal rate of approximately 85% for each of the calendar year 2016 and 2017.***
>
> * * *
>
> ***Our business model is characterized by stable, recurring revenues***, a scalable operating model, strong and improving operating margins, limited capital expenditures and low working capital requirements, which together, generate significant Free Cash Flow.

101. The Registration Statement likewise credited, in part, its "long history with many of [its] customers" as leading to achievements in contract renewal rates. The Registration Statement stated, in pertinent part, as follows:

> ***Maintenance Services Overview***
>
> * * *
>
> ***Owing to the non-discretionary nature of landscape maintenance services for commercial customers and our long history with many of our customers, we have achieved a landscape maintenance contract renewal rate of approximately 85% for each of calendar year 2016 and 2017.***

102. The Registration Statement also touted its "recurring services" lead to "stable and predictable growth." The Registration Statement stated, in pertinent part, as follows:

Market Opportunity

Commercial Landscaping Services Industry

* * *

Due to the essential and non-discretionary need of these recurring services, the commercial landscape maintenance services and snow removal services industries have, and are expected to continue to, exhibit stable and predictable growth.

103. The statements in ¶¶99-102 were each inaccurate statements of material fact when made because they failed to disclose and misrepresented the following material adverse facts that existed at the time of the IPO:

(a) At the time of the IPO, BrightView was burdened with a substantial amount of low profit contracts stemming from, in part, the Company's failure to price contracts properly when they were entered into and increasing labor costs;

(b) As a result, at least six months before the IPO, BrightView initiated a "Managed Exit" initiative to intentionally exit low profit contracts, a process which was planned to continue into 2019 and would reduce the Company's organic growth; and

(c) At the time of the IPO, BrightView was experiencing a labor shortage of approximately 2,000 workers and increased labor costs due to its inability to hire workers through the H-2B visa program in the months leading up to the IPO.

104. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R. § 229.303(a)(3)(ii), required the Registration Statement to "[d]escribe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations." Similarly, Item 503 of SEC Regulation S-K, 17 C.F.R. § 229.503, requires, in the "Risk Factors" section of registration statements and prospectuses, "a discussion of the most significant factors that make the offering

speculative or risky" and requires each risk factor to "adequately describe[] the risk." The failure of the Registration Statement to disclose that, at the time of the IPO, BrightView was facing the trends of low profitability contracts that the Company was choosing to exit and decreased organic growth, because these undisclosed facts were known and would (and did) have an unfavorable impact on the Company's sales, revenues, and income from continuing operations. This failure also violated Item 503, because these specific risks were not adequately disclosed, or disclosed at all, in the Registration Statement, even though they were some of the most significant factors that made an investment in BrightView's common stock speculative or risky. Indeed, the risk disclosures that were provided in the Registration Statement were themselves materially false and misleading when made as explained in Section IV.D.3, below.

2. The Registration Statement Contained False and Misleading Statements of Material Fact About BrightView's Workforce and Failed to Disclose the Company's Labor Shortage

105. The Registration Statement represented that the Company's workforce was "critical to [the Company's] success" and that "[m]aintaining an industry-leading employee base and training platform [was] paramount to [the Company's] culture and day-to-day operations." The Registration Statement stated, in pertinent part, as follows:

> **Our Competitive Strengths**
>
> * * *
>
> ***Differentiated Quality and Expertise of Employee Base***
>
> ***Our size, scale and organizational structure enable us to attract and retain an employee base that we believe is superior to those of our smaller competitors, which drives substantial competitive advantages*** in an industry highly focused on reputation, track record of execution and applicable industry expertise. Given our sophisticated customer base, and the complex, holistic solutions our customers often demand, ***our human capital is critical to our success***. . . .

> ***Maintaining an industry-leading employee base and training platform is paramount to our culture and day-to-day operations.***

106. The Registration Statement also touted the size of BrightView's workforce and represented that the Company "[h]istorically . . . used, and expect[ed] to continue to use in the future, a U.S. government program that provides H-2B temporary, non-immigrant visas to foreign workers to help satisfy a portion of our need for seasonal labor in certain markets." The Registration Statement stated, in pertinent part, as follows:

> **Our Employees**
>
> As of March 31, 2018, we had a total of approximately 19,000 employees, including seasonal workers, consisting of approximately 18,500 full-time and approximately 500 part-time employees in our two business segments. The number of part-time employees varies significantly from time to time during the year due to seasonal and other operating requirements. We generally experience our highest level of employment during the spring and summer seasons, which correspond with our third and fourth fiscal quarters following the change of our fiscal year end date to September 30, effective September 30, 2017. The approximate number of employees by segment, as of March 31, 2018, is as follows: Maintenance Services: 16,475; Development Services: 2,250. In addition, our corporate staff is approximately 275 employees.
>
> * * *
>
> ***Historically, we have used, and expect to continue to use in the future, a U.S. government program that provides H-2B temporary, non-immigrant visas to foreign workers to help satisfy a portion of our need for seasonal labor in certain markets. In 2017, we employed approximately 1,626 seasonal workers through the H-2B visa program.***

107. The statements in ¶¶105-106 were each inaccurate statements of material fact when made because they failed to disclose and misrepresented the material adverse facts that existed at the time of the IPO, including that BrightView was experiencing a labor shortage of

approximately 2,000 workers and increased labor costs due to its inability to hire workers through the H-2B visa program in the months leading up to the IPO.

108. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R. § 229.303(a)(3)(ii), required the Registration Statement to "[d]escribe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on the sale or revenues or income from continuing operations." Similarly, Item 503 of SEC Regulation S-K, 17 C.F.R. § 229.503, requires, in the "Risk Factors" section of registration statements and prospectuses, "a discussion of the most significant factors that make the offering speculative or risky" and requires each risk factor to "adequately describe[] the risk." The failure of the Registration Statement to disclose that, at the time of the IPO, BrightView was facing trends of receiving less H-2B visas than the Company needed and increased labor expenses, because these undisclosed facts were known and would (and did) have an unfavorable impact on the Company's sales, revenues, and income from continuing operations. This failure also violated Item 503, because these specific risks were not adequately disclosed, or disclosed at all, in the Registration Statement ever though they were some of the most significant factors that made an investment in BrightView's common stock speculative or risky. Indeed, the risk disclosures that were provided in the Registration Statement were themselves materially false and misleading when made as explained in Section IV.D.3, below.

3. The Registration Statement Failed to Disclose and Misrepresented Significant Risks that Made the IPO More Speculative and Risky

109. The risk disclosures in the Registration Statement failed to advise investors about significant, then-existing (as opposed to potential) factors that made the IPO more speculative or risky than the Registration Statement disclosed.

110. Specifically, the Registration Statement inaccurately described as ***potential***, certain risks associated with long-term customer relationships, customer retention, and the renewal or cancelation of contracts, which "may" in the future have an adverse effect on its business, financial condition, and results of operations, rather than actual events and known trends or uncertainties that had already manifested. The Registration Statement stated the following in pertinent part:

> ***Our business success depends on our ability to preserve long-term customer relationships.***
>
> ***Our success depends on our ability to retain our current customers, renew our existing customer contracts*** and obtain new business. Our ability to do so generally depends on a variety of factors, including the quality, price and responsiveness of our services, as well as our ability to market these services effectively and differentiate ourselves from our competitors. We largely seek to differentiate ourselves from our competitors on the basis of high levels of service, breadth of service offerings and strong relationships and ***may not be able to, or may choose not to, compete with certain competitors on the basis of price.*** There can be no assurance that we will be able to obtain new business, renew existing customer contracts at the same or higher levels of pricing or that our current customers will not cease operations, elect to self-operate or terminate contracts with us.
>
> With respect to our Maintenance Services agreement, we primarily provide services pursuant to agreement that are cancelable by either party upon 30-days' notice. Consequently, our customers can unilaterally terminate all service pursuant to the terms of our series agreements, without penalty.

111. The Registration Statement inaccurately described as ***potential***, certain risks associated with contract profitability, which "could" have an adverse effect on its business, financial condition, and results of operations, rather than rather than actual events and known trends or uncertainties that had already manifested. The Registration Statement stated, in pertinent part, as follows:

> ***If we are unable to accurately estimate the overall risks, requirements or costs when we bid on or negotiate contracts that are ultimately awarded to us, we may achieve lower than anticipated profits or incur contract losses.***
>
> A significant portion of our contracts are subject to competitive bidding and/or are negotiated on a fixed- or capped-fee basis for the services covered. Such contracts generally require that the total amount of work, or a specified portion thereof, be performed for a single price irrespective of our actual costs. ***If our cost estimates for a contract are inaccurate, or if we do not execute the contract within our cost estimates, then cost overruns may cause the contract not to be as profitable as we expected or could cause us to incur losses.***

112. The Registration Statement inaccurately described as ***potential***, certain risks associated with BrightView's wages costs, which "could" have an adverse effect on its business, financial condition, and results of operations, rather than actual trends that had already manifested. The Registration Statement stated, in pertinent part, that:

> ***Increases in*** *raw material costs, fuel prices,* ***wages and other operating costs could adversely impact our business, financial position, results of operations and cash flows***.
>
> * * *
>
> ***Attracting and maintaining a high quality workforce is a priority for our business, and if wage, salary or benefit costs increase . . . our operating costs will increase, and have increased in the past.***

113. The Registration Statement inaccurately described as ***potential***, certain risks associated with BrightView's ability to maintain and source its workforce through the H-2B visa program, which "could" have an adverse effect on its business, financial condition, and results of operations, rather than actual trends that had already manifested. The Registration Statement stated, in pertinent part, that:

> ***Our future success and financial performance depend substantially on our ability to attract, train and retain workers***, including account, branch and regional management personnel.

> ***The landscape services industry is labor intensive***, and industry participants, including us, experience high turnover rates among hourly workers and competition for qualified supervisory personnel. In addition we, like much landscape service providers who conduct a portion of their operations in seasonal climates, employ a portion of our field personnel for only part of the year.
>
> ***We have historically relied on the H-2B visa program to bring workers to the United States on a seasonal basis.*** In 2017, we employed approximately 1,626 seasonal workers through the H-2B visa program. ***If we are unable to hire sufficient numbers of seasonal workers, through the H-2B program or otherwise, we may experience a labor shortage. In the event of a labor shortage,*** whether related to seasonal or permanent staff, ***we could experience difficulty in delivering our services in a high-quality or timely manner and could experience increased recruiting, training and wage costs in order to attract and retain employees, which would result in higher operating costs and reduced profitability.***

114. The statements referenced above in ¶¶110-113 were each inaccurate statements of material fact because while noting only the ***potential*** negative impacts on its business, financial condition, and result of operations, the Registration Statement failed to disclose and misrepresented the following significant, ***then-existing*** material events and adverse known trends or uncertainties that BrightView ***had already been*** facing at the time of the IPO:

(a) At the time of the IPO, BrightView was burdened with a substantial amount of low profit contracts stemming from, in part, the Company's failure to price contracts properly when they were entered into and increasing labor costs;

(b) As a result, at least six months before the IPO, BrightView initiated a "Managed Exit" initiative to intentionally exit low profit contracts, a process which was planned to continue into 2019 and would reduce the Company's organic growth; and

(c) At the time of the IPO, BrightView was experiencing a labor shortage of approximately 2,000 workers and increased labor costs due to its inability to hire workers through the H-2B visa program in the months leading up to the IPO.

E. EVENTS FOLLOWING THE IPO

115. The IPO was successful for Defendants who sold 24,495,000 shares of common stock at a price of $22 per share to the investing public, raising approximately $501.2 million.

116. Unfortunately for investors, approximately six weeks after the IPO, the Company revealed its strategy to exit certain "unprofitable contracts" and that the Company experienced a costly labor shortage as a result of its failure to hire workers through the H-2B visa program.

117. BrightView reported a significant slowdown in organic revenue growth starting with its August 8, 2018 earnings press release and August 9, 2018 Form 10-Q for its fiscal quarter ended June 30, 2018—the quarter during which the Company conducted the IPO.

118. On August 9, 2018, during the Company's first conference call as a public company to discuss those quarterly results, Defendants Masterman and Feenan attributed much of its organic growth slowdown to its decision to exit "less profitable" contracts. Specifically, BrightView revealed that several of its existing landscaping contracts had profitability issues. Importantly, the Company admitted that it had initiated a strategy to intentionally exit "less profitable" or "lower profit" contracts in January 2018—approximately ***six months before the IPO***. BrightView informed investors that it would continue to intentionally exit contracts well into 2019.

119. Specifically, Defendant Masterman stated that "organic growth was slightly down, as ***gains from new business and improved pricing were more than offset by [our] strategic decision to exit less profitable customers***."

120. Defendant Feenan further explained that:

> ***Maintenance Services total growth of 2.9% included inorganic growth of 3.6%, partially offset by organic growth inclusive of acquired customers of negative 0.7%, which was impacted by managed exits within the land business***.
>
> * * *
>
> ***Organic growth was down slightly as price, volume, and new client wins were offset by strategic exits*** of unprofitable contracts.
>
> * * *
>
> ***Organic growth, inclusive of acquired customers, was more modest given*** the resource shift towards snow removal, as well as ***the strategic decision to exit lower profit contracts.***

121. Furthermore, when asked by an analyst about the "intentional customer exits" and their impact on organic revenue growth going forward, Defendant Masterman stated that this strategy had started as early as January 2018—six months ***prior*** to the offering—would continue through the remainder of 2018, and would have an impact on organic growth for the next 12 months:

> **Keen Fai Tong** – *Goldman Sachs Group Inc., Research Division – Research Analyst*
>
> Your maintenance organic revenue growth this quarter was impacted by intentional customer exits because of price management. Looking ahead can you talk about where you are in the process of rightsizing customers pricing and if you expect this to be a continued headwind to organic growth?
>
> **Andrew V. Masterman** – *BrightView Holdings, Inc. – CEO & Director*
>
> Yes. . . . Look, we had select customers we've been negotiating with, talking with, and really trying to reposition within the portfolio. ***We started this back in kind of January, February, giving adequate notice and talking with those customers. That continues.*** And if you look at our portfolio, these are contracts, which primarily were made two to three years ago, that are then

> now expiring. ***We anticipate that to continue throughout calendar 2018, probably through the end of the year, with knock-on impacts going into the beginning of next year into the kind of the mid-year range. So I would expect that to have some headwind on organic growth over the course of the next 12 months***, and then those contracts as we look at them will be expiring.

122. Also on the call, when asked by an analyst to elaborate on BrightView's ability to obtain work visas as well its future impact on the Company, Defendant Feenan acknowledged a labor shortage, specifically that the Company was unable to hire 2,000 workers through the H-2B visa program:

> ***Look, I don't think it's going to get easier, right?*** If I look at what the wage increases have done over the last 3 years sequentially, for us, and again it varies by region because we manage the business by region, but on a consolidated basis, we've seen 5.7[%], 6.1[%,] and 5.1[%], respectively, of wage increases and that's what we've had to [do]. We've been able to offset the majority of that through our pricing. But I think when you look at the challenges of the business, I was incredibly impressed with the resilience of the business when ***we didn't get the H-2B that we historically got***. We have the business set up to run with or without that. We, obviously, like that component when it comes in, but we saw tremendous resiliency when we had a shortage this year, and that's the beauty of having 200-plus branches. When you break it down, ***we had a shortfall of roughly 2,000 headcount of labor***, so 10 to 12 a branch, it's manageable. And that's how I would classify it. It's a manageable challenge.

123. Later on the call, an analyst from RBC Capital Markets, LLC "circle[d] back on the pruning of the unprofitable customers" and asked for further clarity. Defendant Masterman explained that the contracts at issue "tend to be larger deals," exiting "take[s] a couple months," and the "reality of the labor situation [BrightView] face[s]" was a factor in the pruning.

124. These results surprised the market, given that this information had not previously been disclosed. For example, on August 9, 2018, J.P. Morgan analysts stated that "***[w]e attribute this decline to investors' surprise at the magnitude of organic declines, frustration with the***

lack of prior communication into the quarter's trends, and dissatisfaction with 3QF18's disclosure." J.P. Morgan analysts further noted that "organic revenues declined by -3.7% y/y, a result uncharacteristic of typical business services companies we cover."

125. On November 27, 2018, BrightView issued a press release providing its financial results for the fourth quarter and full fiscal year ended September 30, 2018. The Company noted that "Managed Exits as the Company strategically reduced the number of less profitable accounts established in previous years" contributed to an offset decline in growth.

126. The next day, on BrightView's related earnings call, Defendant Masterman acknowledged the impact of the Company's managed exit strategy: "Our strategic decision to managed exits from our—some of our less profitable accounts has increased the efficiency of our operations, focused our account managers on more accretive customer relationships and improved the quality of our earnings. We expect the temporary impact on our revenue growth to continue throughout fiscal 2019."

127. In response to an analyst question, Defendant Feenan admitted BrightView faced labor challenges:

> **Keen Fai Tong** – *Goldman Sachs Group Inc., Research Division – Research Analyst*
>
> * * *
>
> [C]an you discuss how much input cost inflation you're currently seeing as it relates to labor and materials? And what proportion of that you believe you can pass on to customers?
>
> **John A. Feenan** – *BrightView Holdings, Inc. – Executive VP & CFO*
>
> George, this is John. Look, we're seeing a modest amount of nonlabor-related inflation in typical items that we would purchase. ***The bigger challenge for us has been on the labor.*** We've been very clear that we've seen an average of roughly 5% increase in

> our wage rate. We model that accordingly. ***In 2019, we don't see that going away. Having said that, it's higher than 5% in some parts of the country where there is significant shortages, and less in others where there's not as many competing opportunities for our workforce.***

128. Further, Defendant Masterman made clear, in response to an analyst's question, that the Company "did not disclose specifically what [maintenance contract renewal rates] were" for the last fiscal year and that the Company would not be disclosing these rates "on an ongoing basis."

129. In the related earnings presentation, on BrightView's slide detailing financial guidance for fiscal year 2019, the Company reiterated that managed exits are "expected to reduce revenue by $15M – $25M, declining over the course of the fiscal year [2019]."

130. On February 7, 2019, BrightView issued a release reporting its results for the first quarter of fiscal 2019 ended December 31, 2018. In the release, BrightView attributed lower revenue to, *inter alia*, "Managed Exits" as the Company "strategically reduced the number of less profitable accounts established in previous years."

131. On the related earnings conference call that day, Defendant Masterman disclosed that the "Managed Exit" initiative reduced the Company's revenue "by an additional $10.8 million."

132. Defendant Masterman went on to provide this negative impact greater detail:

> Last year, we made a strategic decision to optimize our customer portfolio through a targeted Managed Exit initiative. We made this decision so that we could redirect our labor force from low-margin accounts to ones that add to the bottom line today and have potential for continued future growth. ***In fiscal 2018, we exited $23.1 million in revenue from large, unprofitable accounts and small, limited-growth potential customers. The impact of this initiative on our revenue continues in fiscal 2019 with $10.8 million in the first quarter.*** We now expect to be near or slightly above the $25 million high end of our guidance for the full year. It is important for me to emphasize that servicing long-term

> profitable accounts is the right decision for our business. We believe it will increase our operational efficiency, allow our account managers to retain our accretive customer relationships and thus improve the quality of our earnings moving forward.

133. Likewise, Defendant Feenan stated that:

> We also expect the ***material revenue impact from our Managed Exit initiative*** will continue in fiscal 2019, with a larger impact in the first half of the year. In order to maximize the long-term benefit of this strategic effort, we now expect the total impact from Managed Exits in 2019 to be near or slightly above the $25 million high end of our guidance range.

134. On the same call, a Macquarie analyst asked Defendant Masterman for an "update on the H-2B visa issue" and how the Company was "managing through labor shortage." In response, Defendant Masterman stated:

> Look, last year, even though we had limited H-2B success, we still continue to succeed in staffing up our crews, and we continue to work on that throughout the entire business. ***That being said, the H-2B visa process, we're all—we're completely on top of that. We actually on this—on January 1, the first day of filing for H-2B visas, we filed every single one of our branches, the H-2B applications, of which they've all been received.*** And actually, we are, at today, recruiting in dozens of branches right now and have received the approvals to move ahead for recruiting in multiple geographies. How that actually gets filled? I mean, the final approval's [sic] by the government, I can't tell you exactly what or when and how that will be, given the uncertainties in the U.S. government right now. So that being said, there will be some H-2Bs. We're still managing it within the local branches and managing as if we were to not get any H-2Bs, is how we approach it. H-2Bs really come as upside to us in the business.

135. By February 8, 2019, the price of BrightView shares had fallen to $12.75 per share, 42% below the price at which BrightView shares had been sold to investors in the IPO.

136. As of the filing of the initial complaint in this action, BrightView common stock traded at $14.95 per share—32% less than the $22 per share IPO price.

V. CLASS ACTION ALLEGATIONS

137. Plaintiff brings this action as a class action pursuant to Pennsylvania Rules of Civil Procedure 1702 and 1708 on behalf of a class consisting of all persons and entities who purchased or otherwise acquired BrightView's publicly traded common stock pursuant and/or traceable to the Registration Statement for BrightView's IPO of 24,495,000 shares, and who were damaged thereby (the "Class"). Excluded from the Class: the Defendants and Individual Defendants' immediate family members; the officers, directors, and affiliates of BrightView, the Controlling Stockholder Defendants, and the Underwriter Defendants, at all relevant times, including BrightView's employee retirement and/or benefit plan(s) and their participants and/or beneficiaries to the extent they purchased or acquired BrightView common stock through any such plan(s); any entity in which Defendants have or had controlling interest; and the legal representatives, heirs, successors, or assigns of any such excluded person or entity.

138. The members of the Class are so numerous that joinder of all members is impracticable. The exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery. Plaintiff believes that there are hundreds or thousands of members in the proposed Class as the Company offered over 24 million shares of common stock in the IPO. Record owners and other members of the Class may be identified from records maintained by BrightView or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

139. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of the Securities Act as set forth herein.

140. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

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

(a) whether Defendants violated the Securities Act;

(b) whether the Registration Statement contained inaccurate statements of material fact and/or omitted material information required to be stated therein; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

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

VI. CAUSES OF ACTION

COUNT I
FOR VIOLATION OF § 11 OF THE SECURITIES ACT
Against BrightView, the Individual Defendants, and the Underwriter Defendants

143. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

144. This cause of action is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77*k*, on behalf of the Class, against Defendant BrightView, each of the Individual Defendants, and each of the Underwriter Defendants.

145. This cause of action does not sound in fraud. Plaintiff does not claim that any of the Defendants committed intentional or reckless misconduct or that any of the Defendants acted with scienter or fraudulent intent. This claim is based on strict liability. Plaintiff expressly disclaims any allegations of scienter or fraudulent intent in these non-fraud claims except that any challenged statements of opinion or belief made in connection with the IPO are alleged to have been materially misstated statements of opinion or belief when made.

146. The Registration Statement issued in connection with the IPO was inaccurate and misleading, contained untrue statements of material facts, omitted to state material facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

147. BrightView is the registrant for the IPO. As such, BrightView is strictly liable for the materially inaccurate statements contained in the Registration Statement and the failure of the Registration Statement to be complete and accurate. By virtue of the Registration Statement containing material misrepresentations and omissions of material fact necessary to make the statements therein not false and misleading, BrightView is liable under Section 11 of the Securities Act to Plaintiff and the Class.

148. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

149. The Individual Defendants each signed the Registration Statement and caused its issuance. The Individual Defendants each had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Registration Statement. They each had a duty to ensure that such statements were true and accurate and that

there were no omissions of material fact that would make the statements misleading. By virtue of each of the Individual Defendants' failure to exercise reasonable care, the Registration Statement contained misrepresentations of material facts and omissions of material facts necessary to make the statements therein not misleading. As such, each of the Individual Defendants is liable under Section 11 of the Securities Act to Plaintiff and the Class.

150. Each of the Underwriter Defendants, as an underwriter of the securities offered in the IPO pursuant to and/or traceable to the Registration Statement, had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Registration Statement. They each had a duty to ensure that such statements were true and accurate and that there were no omissions of material fact that would make the statements misleading. By virtue of each of the Underwriter Defendants' failure to exercise reasonable care, the Registration Statement contained misrepresentations of material facts and omissions of material facts necessary to make the statements therein not misleading. As such, each of the Underwriter Defendants is liable under Section 11 of the Securities Act to Plaintiff and the Class.

151. None of the untrue statements or omissions of material fact in the Registration Statement alleged herein was a forward-looking statement. Rather, each such statement concerned existing facts. Moreover, the Registration Statement did not properly identify any of the untrue statements as forward-looking statements and did not disclose information that undermined the putative validity of those statements.

152. By reason of the conduct herein alleged, each Defendant named in this Count violated, and/or controlled a person who violated, Section 11 of the Securities Act.

153. Plaintiff and the Class have sustained damages. The value of BrightView common stock has declined substantially subsequent to and due to the violations of each Defendant named in this cause of action.

154. At the time of their purchases of BrightView common stock, Plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to the disclosures herein. Less than one year has elapsed from the time that Plaintiff discovered or reasonably could have discovered the facts upon which this Complaint is based and the time that Plaintiff commenced this action. Less than three years has elapsed between the time that the securities upon which this cause of action is brought were offered to the public and the time Plaintiff commenced this action.

COUNT II
FOR VIOLATION OF § 15 OF THE SECURITIES ACT
Against the Individual Defendants and the Controlling Stockholder Defendants

155. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

156. This cause of action is brought pursuant to Section 15 of the Securities Act, 15 U.S.C. § 77*o*, on behalf of the Class, against each of the Individual Defendants and each of the Controlling Stockholders.

157. The Individual Defendants each were controlling persons of BrightView by virtue of their positions as directors and/or senior officers of BrightView. The Individual Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or officers and/or major stockholders of BrightView.

158. Each of the Individual Defendants participated in the preparation and dissemination of the IPO Registration Statement and otherwise participated in the process

necessary to conduct the IPO. Because of their positions of control and authority as senior officers and/or directors of BrightView each of the Individual Defendants were able to, and did, control the contents of the IPO Registration Statement, which contained materially untrue information and/or omitted material information required to be disclosed to prevent the statements made therein from being misleading.

159. Each of the Controlling Stockholder Defendants, by virtue of their common stock ownership, their control of BrightView's Board of Directors, and their own admissions in the IPO Registration Statement, controlled BrightView and each of the Individual Defendants. Each of the Controlling Stockholder Defendants participated in the preparation and dissemination of the IPO Registration Statement and otherwise participated in the process necessary to conduct the IPO. Because of their position of control and authority as controlling stockholders in the IPO, each of the Controlling Stockholder Defendants were able to, and did, control the contents of the IPO Registration Statement which contained materially untrue information and/or omitted material information required to be disclosed to prevent the statements made therein from being misleading.

160. As control persons of BrightView, each of the Individual Defendants and the Controlling Stockholders are liable jointly and severally with and to the same extent as BrightView for its violation of Section 11 of the Securities Act.

VII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of itself and the other members of the Class, prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, certifying Plaintiff as Class representative, and appointing Plaintiff's counsel as Class Counsel;

B. Awarding compensatory damages in favor of Plaintiff and other Class members 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 rescission or a rescissory measure of damages;

D. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees, accountants' fees, and expert fees, and other costs and disbursements; and

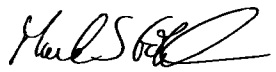
E. Awarding Plaintiff and the Class such other relief including equitable and/or injunctive relief as the Court may deem just and proper.

VIII. JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury of all issues so triable.

DATED: May 31, 2019

Respectfully submitted,



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Counsel for Plaintiff Gregory S. McComas, Sr.

CERTIFICATE OF SERVICE

I, Alfred L. Fatale III, hereby certify that, on the 31st day of May 2019, I caused to be served the foregoing Amended Complaint via electronic filing and/or e-mail on all counsel of record.

Dated: May 31, 2019

/s/ Alfred L. Fatale III
Alfred L. Fatale III

VERIFICATION

I, Gregory S. McComas, Sr., verify that the statements made in this Amended Complaint filed on May 31, 2019 are true and correct to the best of my information, knowledge and belief. I understand that false statements made herein are subject to the penalties of 18 PA. C.S., Subsection 4904, relating to unsworn falsification to authorities.

Dated: May 31, 2019

/s/ Gregory S. McComas, Sr.

Signature