

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

_____, Individually and on Behalf of All
Others Similarly Situated,

Plaintiff,

v.

DLOCAL LIMITED, SEBASTIAN
KANOVICH, and DIEGO CABRERA
CANAY,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding dLocal Limited (“dLocal” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired

dLocal securities between May 2, 2022 and May 25, 2023, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. dLocal operates a payment processing platform worldwide. Its payments platform enables merchants to get paid and to make payments online.
3. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operations, and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) dLocal had been operating as a fraudulent instrument to take advantage of the exchange rate gap and to take dollars abroad with operations that are not reflected in the accounting; (ii) the foregoing, once revealed, was likely to subject the Company to significant financial and/or reputational harm; and (iii) as a result, the Company’s public statements were materially false and misleading at all relevant times.
4. On May 26, 2023, Argentine news outlet Infobae published an article reporting that the Argentine government was investigating dLocal for a possible \$400 million fraud. Specifically, Infobae reported that the government was investigating the Company for “improper maneuvers” and transfers abroad, with unnamed sources alleging that “[t]he company operates as a mere instrument to

take advantage of the exchange rate gap and to take dollars abroad with operations that are not reflected in the accounting.”

5. On this news, dLocal’s stock price fell \$2.39 per share, or 17.32%, to close at \$11.41 per share on May 26, 2023.
6. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

7. The claims asserted herein arise under and pursuant to 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 by the SEC (17 C.F.R. § 240.10b-5).
8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.
9. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Pursuant to dLocal’s most recent annual report filed with the SEC, as of December 31, 2022, there were 296,164,816 of the Company’s common shares outstanding. dLocal’s securities trade on the Nasdaq Global Select Market (“NASDAQ”). Accordingly, there are presumably hundreds, if not thousands, of investors in dLocal’s securities located within the U.S., some of whom undoubtedly reside in this Judicial District.
10. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,

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

PARTIES

11. Plaintiff, as set forth in the attached Certification, acquired dLocal securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.
12. Defendant dLocal is a Cayman Islands corporation with principal executive offices located at Dr. Luis Bonavita 1294, Montevideo, Uruguay 11300. dLocal's common stock trades in an efficient market on the NASDAQ under the ticker symbol "DLO".
13. Defendant Sebastian Kanovich ("Kanovich") has served as dLocal's Chief Executive Officer at all relevant times.
14. Defendant Diego Cabrera Canay ("Canay") has served as dLocal's Chief Financial Officer at all relevant times.
15. Defendants Kanovich and Canay are sometimes referred to herein as the "Individual Defendants."
16. The Individual Defendants possessed the power and authority to control the contents of dLocal's SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of dLocal's SEC filings 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 to cause them to be corrected. Because of their positions with dLocal, and their access to material information available to them but not to the

public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

17. dLocal and the Individual Defendants are collectively referred to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

18. dLocal operates a payment processing platform worldwide. Its payments platform enables merchants to get paid and to make payments online.

Materially False and Misleading Statements Issued During the Class Period

19. The Class Period begins on May 2, 2022, when dLocal filed an Annual Report on Form 20-F which stated, in relevant part:

dLocal is focused on making the complex simple, redefining the online payments experience in emerging markets. Through one direct API, one technology platform, and one contract, which we collectively refer to as the One dLocal model, we enable global enterprise merchants to get paid (pay-in) and to make payments (pay-out) online in a safe and efficient manner. Merchants on our platform consistently benefit from improving acceptance and conversion rates, reduced friction, and improved fraud prevention, leading to enhanced potential interaction with nearly 2 billion combined internet users in the countries we serve (excluding China). Our proprietary, fully cloud-based platform has the ability to power both cross-border and local-to-local transactions in 35 countries as of December 31, 2021. Our solutions are built to be both payment method-agnostic and user-friendly. We enable global merchants to connect with over 700 local payment methods (some of which are financial institutions) across our different geographies, thus expanding their addressable markets. Furthermore, our proprietary technology architecture is highly scalable and flexible, allowing us to constantly and rapidly innovate in response to market demand, expand to new countries and enhance our value proposition for our merchant clients. Agility is in our DNA. We believe our product offering makes us the most comprehensive

online payments infrastructure currently available for global enterprise merchants operating across emerging markets.

20. On May 17, 2022, dLocal issued a press release announcing the Company's Q1

2022 financial results. The press release stated, in relevant part:

"We are pleased to share that we are off to a strong start to the year, delivering record Q1 results, with TPV surpassing US\$2 billion and increasing 127% year-over-year. For the fifth consecutive quarter we grew our revenue triple digits, increasing it by 117% year-over-year to US\$87 million, and we continue to deliver positive Adjusted EBITDA, increasing it by 84% year-over-year to US\$33 million. Our performance this quarter reinforces our strong growth momentum, and we expect to continue delivering growth supported by the performance of our existing and new merchants using our platform.

21. On November 14, 2022, dLocal issued a press release announcing the

Company's Q3 2022 financial results. The press release stated, in relevant part:

"We delivered another quarter of record results, reaching US\$2.7 billion in TPV and US\$112 million in revenues. We saw robust growth in TPV increasing by 51% and revenues further accelerating 63% year-over-year, despite the high comparison base from last year, and both metrics increasing by 12% and 11%, respectively, quarter-over-quarter. The growth has been supported by our disciplined execution and lean culture, in addition to our business strength of continuous diversification across verticals, regions, and products. Throughout recent quarters, we have been committed to growing outside Latin America, and we are very pleased to announce the impressive results we reached in Q3 2022. Revenues from Africa and Asia increased by four times year-over-year and 80% quarter-over-quarter, reaching US\$25 million. These strong results over just a three-month period surpassed the US\$21 million recorded in the entire twelve months of 2021. In Q3 2022, Africa and Asia revenues already contributed to 22% of our total revenues, which is a proven record that our strategic decision making is paying off.

22. The statements referenced in ¶¶ 19-21 were materially false and misleading

because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) dLocal had been operating as a

fraudulent instrument to take advantage of the exchange rate gap and to take dollars abroad with operations that are not reflected in the accounting; (ii) the foregoing, once revealed, was likely to subject the Company to significant financial and/or reputational harm; and (iii) as a result, the Company's public statements were materially false and misleading at all relevant times.

The Truth Emerges

23. On May 26, 2023, Argentine news outlet Infobae published an article reporting that the Argentine government was investigating dLocal for a possible \$400 million fraud. Specifically, Infobae reported that the government was investigating the Company for "improper maneuvers" and transfers abroad, with unnamed sources alleging that "[t]he company operates as a mere instrument to take advantage of the exchange rate gap and to take dollars abroad with operations that are not reflected in the accounting."
24. On this news, dLocal's stock price fell \$2.39 per share, or 17.32%, to close at \$11.41 per share on May 26, 2023.
25. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

26. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired dLocal securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective

disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

27. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, dLocal securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by dLocal 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.
28. 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 federal law that is complained of herein.
29. 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. Plaintiff has no interests antagonistic to or in conflict with those of the Class.
30. 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:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
 - whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of dLocal;
 - whether the Individual Defendants caused dLocal to issue false and misleading financial statements during the Class Period;
 - whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
 - whether the prices of dLocal securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
 - whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.
31. 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.
32. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:
- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
 - the omissions and misrepresentations were material;
 - dLocal securities are traded in an efficient market;
 - the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;

- the Company traded on the NASDAQ and was covered by multiple analysts;
 - the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
 - Plaintiff and members of the Class purchased, acquired and/or sold dLocal securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.
33. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.
34. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

35. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.
36. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.
37. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various

untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of dLocal securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire dLocal securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

38. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for dLocal securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about dLocal's finances and business prospects.
39. By virtue of their positions at dLocal, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that

they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

40. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of dLocal, the Individual Defendants had knowledge of the details of dLocal's internal affairs.
41. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of dLocal. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to dLocal's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of dLocal securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning dLocal's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired dLocal securities at artificially inflated prices and relied upon the price of the

securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

42. During the Class Period, dLocal securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of dLocal securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of dLocal securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of dLocal securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.
43. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.
44. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during

the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)

45. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.
46. During the Class Period, the Individual Defendants participated in the operation and management of dLocal, and conducted and participated, directly and indirectly, in the conduct of dLocal's business affairs. Because of their senior positions, they knew the adverse non-public information about dLocal's misstatement of income and expenses and false financial statements.
47. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to dLocal's financial condition and results of operations, and to correct promptly any public statements issued by dLocal which had become materially false or misleading.
48. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which dLocal disseminated in the marketplace during the Class Period concerning dLocal's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause dLocal to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were "controlling persons" of

dLocal within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of dLocal securities.

49. Each of the Individual Defendants, therefore, acted as a controlling person of dLocal. By reason of their senior management positions and/or being directors of dLocal, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, dLocal to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of dLocal and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

50. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by dLocal.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: _____, 2023

Respectfully submitted,

POMERANTZ LLP

/s/ draft

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