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# Tampa firm files first lawsuit against Robinhood for recent trading debacle

Robinhood's trading platform crashed earlier this week, sending clients scrambling for answers.

Tampa Bay Times



The Dow Jones Industrial Average surged more than 1,200 points on Monday, the same day Robinhood's trading platform crashed. [RICHARD DREW | AP]

Updated Mar. 6

Imagine not being able to access your stock account on one of the biggest trading days in history. Or when you check what should be a balance of thousands of dollars all you see is zeros.

That’s what happened to clients of the popular Robinhood trading platform early this week.

The California-based financial start-up’s spectacular failure began when the site crashed minutes after markets opened on Monday. The company’s 10 million clients couldn’t buy into what became the Dow Jones Industrial Average’s biggest one-day point gain in history. And options traders who had bet against the market rising couldn’t sell those risky investments.

**Tampa Bay Times**

The problems continued into Tuesday afternoon. Robinhood doesn’t have brick-and-mortar locations or a robust call center, so clients could do little more than hope the site would come back online. When it did, some clients noticed that they had no money in their accounts, at least temporarily.

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The uncertainty sent them scrambling to social media to figure out what was happening and to vent about how the commission-free site had let them down.

“GUH, I’m going to be poor when it unfreezes,” said SVT200BPM.

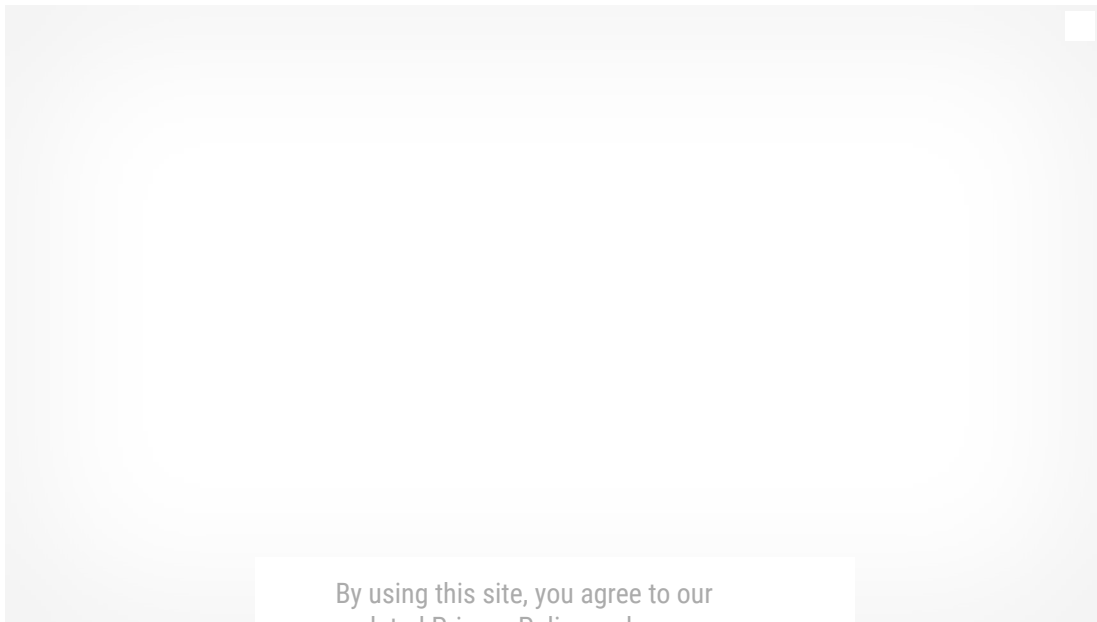
Now come the class-action lawsuits. The first was filed in federal court in Tampa, seeking damages of more than \$5 million.

“This was preventable,” said attorney Michael Taaffe, with Shumaker, Loop & Kendrick in Tampa. “We want to make sure that they get backup systems in place so something like this doesn’t happen again.”

The lead plaintiff is Taaffe’s son, Travis Taaffe, a Robinhood client from Sarasota. The lawsuit also lists the company’s 10 million users as potential class members. Taaffe said his firm has already heard from hundreds of disappointed Robinhood clients.

## Tampa Bay Times

More suits are likely. As of Friday morning, the recently created Twitter account Robinhood Class Action had nearly 7,000 followers. Taaffe’s firm is not involved with the account.



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Robinhood has not responded to the lawsuit. Earlier in the week, the company’s co-founders and co-CEOs blamed the crash on record trading, market volatility and an influx of new accounts.

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‘thundering herd’ effect.”

In a [44-page user agreement](#), the company says it cannot guarantee that its "channels will be available and error free every minute of the day.” The company, the agreement says, cannot be held liable for interruptions due to failures beyond its control.

Founded in 2013, Robinhood became a financial technology darling valued at \$7.6 billion. The company disrupted online investing by offering commission-free trades, which prompted major brokerages including Charles Schwab and TD Ameritrade to do the same.

Robinhood attracts a lot of younger clients with its easy-to-use platform. The challenge will be to hang on to as many of them as possible. In what the company called a “first step,” it offered some clients three free months of premium service — a \$15 value. Judging by the online vitriol, that won’t be enough.

“Already moved it all to Schwab,” Ggrrroouutt wrote on Reddit. “Eat (it) Robinhood.”

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**GRAHAM BRINK**

Business Columnist

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