

Lawsuit says Lyft cheated new drivers out of \$1,000 bonuses

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The Lyft ridesharing company took new drivers for a ride by cheating them out of promised \$1,000 bonuses, according to a federal lawsuit announced Friday.

Hundreds of drivers lost a total of at least \$5 million worth of bonuses that were offered last month in promotional programs around the nation, according to lawyers who filed the fraud and breach-of-contract lawsuit on Wednesday in San Francisco.

San Francisco-based Lyft, previously known for the giant pink mustaches that graced the front of participating cars, operates a cellphone application that allows people seeking rides to hook up with private motorists. Like its larger rival Uber, Lyft receives payment via the apps and cuts checks to drivers for the rides, after taking a commission of about 20 percent.

The 22-page complaint says that Lyft tried to lure new drivers by offering to pay \$1,000 bonuses to current Lyft drivers who referred new motorists and to new drivers who applied on Feb. 25 or after and completed their first ride on or before March 5.

The bonus programs were offered in Atlanta, Austin, Boston, Chicago, Dallas, Denver, Los Angeles, Miami, Nashville, Philadelphia, San Diego, San Francisco, San Jose, Seattle and Washington, D.C.

The offer prompted thousands of applications—the largest wave of

applicants in Lyft history—and the company was unable to deal with it, the lawsuit says.

A day before the March 5 ride deadline, the company emailed the new applicants and warned that some might not qualify for the promotional bonus because required [background checks](#) into their driving records and criminal histories might not be completed.

"Lyft took drivers for a ride by not providing timely background checks for new drivers making it impossible for them to give their first ride by the deadline imposed by Lyft," Alexander R. Wheeler, one of the attorneys who filed the lawsuit, said in a statement.

The lawsuit was filed on behalf of a current driver in San Diego and an applicant in Los Angeles.

Lyft could not immediately comment on the lawsuit, spokeswoman Chelsea Wilson said. However, a company statement said that in regard to the promotion, several thousand new drivers qualified, and "for those who didn't, we will not use their information unless they specifically indicate they still want to become a Lyft driver."

Lyft is in 65 markets and recently raised \$530 million in new funding. Reports value the 3-year-old company at over \$2 billion.

Privately held Uber has raised nearly \$6 billion since it started six years ago and is valued at about \$40 billion. Its ride-hailing network is available in more than 250 cities in 50 countries.

Uber has faced legal and regulatory challenges, concerns about rider safety and the screening of drivers, and criticism of how it has raised prices during storms and other high-demand periods.

Drivers also are challenging the companies' business models.

Two former Lyft drivers and four current Uber drivers have filed two separate lawsuits alleging that they were misclassified as independent contractors and thus deprived of California's minimum wage, reimbursement for work-related expenses and other protections.

Lyft and Uber disputed the claims and asked the courts to issue summary judgments against the plaintiffs. On Wednesday, however, two federal judges in San Francisco ruled that the lawsuits must go before juries.

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