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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 \_\_\_\_\_, Individually and on behalf  
12 of all others similarly situated,

13 Plaintiff,

14 v.

15 WORLD WRESTLING  
16 ENTERTAINMENT, INC., VINCENT  
17 K. MCMAHON, FRANK A. RIDDICK  
18 III, and KRISTINA SALEN,

19 Defendants.

Case No.

CLASS ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

20  
21 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other  
22 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
23 complaint against Defendants (defined below), alleges the following based upon  
24 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
25 belief as to all other matters, based upon, inter alia, the investigation conducted by  
26 and through his attorneys, which included, among other things, a review of the  
27

1 Defendants’ public documents, announcements, United States Securities and  
2 Exchange Commission (“SEC”) filings, wire and press releases published by and  
3 regarding World Wrestling Entertainment, Inc. (“WWE” or the “Company”), and  
4 information readily obtainable on the Internet. Plaintiff believes that substantial  
5 evidentiary support will exist for the allegations set forth herein after a reasonable  
6 opportunity for discovery.

7  
8 **NATURE OF THE ACTION**

9 1. This is a class action on behalf of persons or entities who purchased or  
10 otherwise acquired publicly traded WWE securities between February 7, 2020 and  
11 June 16, 2022, inclusive (the “Class Period”). Plaintiff seeks to recover  
12 compensable damages caused by Defendants’ violations of the federal securities  
13 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

14 **JURISDICTION AND VENUE**

15 2. The claims asserted herein arise under and pursuant to §§10(b) and  
16 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5  
17 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

18 3. This Court has jurisdiction over the subject matter of this action under  
19 28 U.S.C. §1331 and §27 of the Exchange Act.

20 4. Venue is proper in this judicial district pursuant to §27 of the Exchange  
21 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered  
22 and the subsequent damages took place in this judicial district. The Company  
23 maintains an office in this judicial district at 12424 Wilshire Blvd, Suite 1400, Los  
24 Angeles, California 90025.

25 5. In connection with the acts, conduct and other wrongs alleged in this  
26 Complaint, Defendants (defined below), directly or indirectly, used the means and  
27

1 instrumentalities of interstate commerce, including but not limited to, the United  
2 States mail, interstate telephone communications and the facilities of the national  
3 securities exchange.

4 **PARTIES**

5 6. Plaintiff, as set forth in the accompanying Certification, purchased the  
6 Company's securities at artificially inflated prices during the Class Period and was  
7 damaged upon the revelation of the alleged corrective disclosure.

8 7. Defendant WWE purports to be committed to family-friendly  
9 entertainment on its television programming, premium live event, digital media and  
10 publishing platforms with its TV-PG programming able to be seen in more than 1  
11 billion homes worldwide in 30 languages. Defendant WWE purports to be an  
12 integrated media organization and recognized leader in global entertainment.

13 8. Defendant WWE is incorporated in Delaware with its principal  
14 executive offices at 1241 East Main Street, Stamford, Connecticut 06902. The  
15 Company's shares trade on the New York Stock Exchange ("NYSE") under the  
16 ticker symbol "WWE."

17 9. Defendant Vincent K. McMahon ("McMahon") is the co-founder and  
18 served as the Chief Executive Officer ("CEO") and Chairman of the Board of  
19 Directors of the Company at all relevant times.

20 10. Defendant Frank A. Riddick, III ("Riddick") served as the Company's  
21 interim Chief Financial Officer ("CFO") from approximately January 2020 until July  
22 2020 and has served as the CFO since November 2021.

23 11. Defendant Kristina Salen ("Salen") served as the Company's CFO from  
24 July 2020 until November 2021.





1       **The unexpected loss of the services of Vincent K. McMahon could**  
2       **adversely affect our ability to create popular characters and**  
3       **creative storylines or could otherwise adversely affect our**  
4       **operating results.**

5       In addition to serving as Chairman of our Board of Directors and Chief  
6       Executive Officer, Mr. McMahon leads the creative team that develops  
7       the storylines and the characters for our programming (including our  
8       television, WWE Network and other programming) and live events.  
9       From time to time, Mr. McMahon has also been an important member  
10      of our cast of performers. *The loss of Mr. McMahon due to unexpected*  
11      *retirement, disability, death or other unexpected termination for any*  
12      *reason could have a material adverse effect on our ability to create*  
13      *popular characters and creative storylines or could otherwise*  
14      *adversely affect our operating results.* Mr. McMahon has established  
15      Alpha Entertainment LLC, to explore investment opportunities across  
16      the sports entertainment landscapes, and Alpha Entertainment LLC is  
17      launching a professional football league, with the first game scheduled  
18      to be played in February 2020. While he has provided the Company  
19      assurances that his focus on WWE will not be diverted by these efforts,  
20      any such diversion or perception of such diversion could adversely  
21      affect our operating results and could have a material adverse effect on  
22      our stock price.

23      (Emphasis added.)

24      20. As of April 15, 2020, the Company's Code of Business Conduct (then  
25      last updated in October 2018), was provided on its website<sup>1</sup>. The Code of Business  
26      Conduct stated the following, in relevant part, regarding WWE personnel  
27      misconduct:  
28

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<sup>1</sup> <https://web.archive.org/web/20200415185916/https://corporate.wwe.com/investors/corporate-governance/code-of-business-conduct>.

1 All officers, directors and other employees (collectively, including  
2 outside directors in their capacity as WWE directors, referred to herein  
3 as “WWE Personnel”) should read this Code of Business Conduct  
4 carefully. This Code is not meant to be all inclusive, and in many cases,  
5 WWE Personnel will be required to sign additional acknowledgement  
6 forms that they have read and understand various Company policies.

## 7 **Equal Opportunity Employment and Non-Harassment**

8 ... WWE is committed to maintaining a work environment that furthers  
9 the development of all its employees, encourages cooperation and  
10 teamwork, provides a pleasant work environment and provides fair and  
11 ethical treatment of all employment issues.

12 As part of this commitment, WWE is dedicated to providing a work  
13 environment that is free from harassment, whether that harassment is  
14 premised on sex, race, sexual orientation, age, religion, national origin  
15 or any other legally protected basis. Harassment creates working  
16 conditions that are wholly inconsistent with WWE’s commitment to its  
17 personnel.

18 Examples of prohibited conduct include, without limitation:

- 19 • Interfering with a person’s ability to perform his/her job, or  
20 creating an offensive work environment through insulting or degrading  
21 remarks, gestures, *propositions*, jokes, tricks, displays of sexually  
22 suggestive or other offensive symbols, objects or pictures or similar  
23 conduct related to a legally protected basis, including sex, race or sexual  
24 orientation.
- 25 • *Inappropriate physical touching.*
- 26 • Any threat of, or actual, retaliation against any person for  
27 reporting or filing claims of unlawful harassment.

28 \* \* \*

## **Conflict of Interest**

1 *WWE Personnel should not engage in any activities, have any*  
2 *personal or financial interests, or have any other relationships which*  
3 *conflict or appear to conflict with their duty to be loyal to WWE or*  
4 *which might impair their exercise of independent judgment.* It is not  
5 possible to describe in this Code all those situations that might create  
6 conflicts of interest. However, the following are a few guidelines within  
7 which the Company expects WWE Personnel to work:

- 8 • *WWE Personnel shall not use their business position for*  
9 *personal gain* or take advantage of any business opportunities of which  
10 they become aware in the course of their work for WWE that might be  
11 of interest to WWE.

12 \* \* \*

### 13 **Fair Dealing**

14 All WWE Personnel should endeavor to deal fairly with the Company's  
15 customers, suppliers and competitors and with other WWE Personnel.  
16 WWE Personnel should avoid taking unfair advantage of anyone  
17 through manipulation, concealment, abuse of privileged information,  
18 misrepresentation of material facts, or any other unfair-dealing practice.

19 \* \* \*

### 20 **Use of Company Assets**

21 WWE Personnel should endeavor to protect the Company's assets and  
22 ensure their efficient use. *All Company assets should be used only for*  
23 *legitimate business purposes and should never be used for personal*  
24 *gain. The use of Company funds or assets for any unlawful or*  
25 *unethical purpose is prohibited.*

26 \* \* \*

### 27 **Waivers for Directors and Executive Officers**

1 Any waiver of this Code for an executive officer or a director may be  
2 made only by the Audit Committee and must be promptly disclosed to  
3 stockholders.

4 (Emphasis added.)

5 21. On February 4, 2021, the Company filed with the SEC its 2020 Annual  
6 report on Form 10-K for the year ended December 31, 2020 (the “2020 Annual  
7 Report”). Attached to the 2020 Annual Report were certifications pursuant to SOX  
8 signed by Defendants McMahon and Salen attesting to the accuracy of financial  
9 reporting, the disclosure of any material changes to the Company’s internal control  
10 over financial reporting and the disclosure of all fraud.

11 22. The 2020 Annual Report stated the following, in relevant part,  
12 regarding Defendant McMahon’s importance to the Company and the importance of  
13 the Company’s family-friendly image:

14 **Creative Development and Production**

15 Headed by our Chairman and Chief Executive Officer, Vincent K.  
16 McMahon, our creative team develops compelling and complex  
17 characters and weaves them into dynamic storylines that combine  
18 physical and emotional elements. Storylines are usually played out in  
19 the ring and unfold on our weekly television shows, culminating in our  
20 monthly marquis events. We voluntarily designate the suitability of  
21 each of our television shows using standard industry ratings, and all our  
22 in-ring television programming carries a PG rating, which is critical to  
23 maintaining the Company’s reputation for family friendly  
24 entertainment.

25 23. The 2020 Annual Report noted the risk of losing Defendant  
26 McMahon’s services but did not reveal his misconduct at the Company which could  
27 lead to the loss of his services, stating the following, in relevant part:

28 **The unexpected loss of the services of Vincent K. McMahon could  
adversely affect our ability to create popular characters and**

1 creative storylines or could otherwise adversely affect our  
2 operating results.

3 In addition to serving as Chairman of our Board of Directors and Chief  
4 Executive Officer, Mr. McMahon leads the creative team that develops  
5 the storylines and the characters for our programming (including our  
6 television, WWE Network and other programming) and live events.  
7 *The loss of Mr. McMahon due to unexpected retirement, disability,*  
8 *death or other unexpected termination for any reason could have a*  
9 *material adverse effect on our ability to create popular characters and*  
10 *creative storylines or could otherwise adversely affect our operating*  
11 *results.*

12 (Emphasis added.)

13 24. In January 2022, the Company posted on its website<sup>2</sup> an updated Code  
14 of Business Conduct stated the following, in pertinent part, regarding WWE  
15 personnel misconduct:

16 World Wrestling Entertainment, Inc. (“WWE” or the “Company”) is  
17 committed to conducting its business fairly, honestly and in accordance  
18 with law.

19 All officers, directors and other employees (collectively, including  
20 outside directors in their capacity as WWE directors, referred to herein  
21 as “WWE Personnel”) should read this Code of Business Conduct (this  
22 “Code”) carefully. This Code is not meant to be all inclusive, and in  
23 many cases, WWE Personnel will be required to sign additional  
24 acknowledgement forms that they have read and understand various  
25 Company policies.

26 \* \* \*

27 <sup>2</sup> <https://corporate.wwe.com/investors/corporate-governance/code-of-business-conduct>

1 Examples of prohibited conduct include, without limitation:

2 • Interfering with a person’s ability to perform his/her job, or  
3 creating an offensive work environment through insulting or degrading  
4 remarks, gestures, *propositions*, jokes, tricks, displays of sexually  
5 suggestive or other offensive symbols, objects or pictures or similar  
6 conduct related to a legally protected basis, including sex, race or sexual  
7 orientation.

8 • *Inappropriate physical touching.*

9 • *The grant or offer of an employment quid pro quo for personal  
10 intimacy.*

11 • Any threat of, or actual, retaliation against any person for  
12 reporting or filing claims of unlawful harassment.

13 \* \* \*

### 14 **Compliance with Laws and Company Policy**

15 WWE Personnel must comply with all applicable laws and all  
16 Company policies, whether or not required by law. Violations will be  
17 grounds for termination. When in doubt, WWE Personnel have the  
18 responsibility of seeking clarification from their supervisors or, if  
19 necessary, the Business and Legal Affairs Department.

20 \* \* \*

### 21 **Conflict of Interest**

22 *WWE Personnel should not* engage in any activities, have any personal  
23 or financial interests, or *have any other relationships which conflict  
24 or appear to conflict with their duty to be loyal to WWE or which  
25 might impair their exercise of independent judgment.* It is not possible  
26 to describe in this Code all those situations that might create conflicts  
27 of interest.

28 \* \* \*

### 29 **Fair Dealing**

30 *All WWE Personnel should endeavor to deal fairly* with the  
31 Company’s customers, suppliers and competitors and *with other WWE*

1 *Personnel. WWE Personnel should avoid taking unfair advantage of*  
2 *anyone through manipulation, concealment, abuse of privileged*  
3 *information, misrepresentation of material facts, or any other unfair-*  
4 *dealing practice.*

5 \* \* \*

6 **Waivers for Directors and Executive Officers**

7 Any waiver of this Code for an executive officer or a director may be  
8 made only by the Audit Committee and must be promptly disclosed to  
9 stockholders.

10 (Emphasis added.)

11 25. On February 4, 2022, the Company filed with the SEC its 2021 Annual  
12 report on Form 10-K for the year ended December 31, 2021 (the “2021 Annual  
13 Report”). Attached to the 2021 Annual Report were certifications pursuant to SOX  
14 signed by Defendants McMahon and Riddick attesting to the accuracy of financial  
15 reporting, the disclosure of any material changes to the Company’s internal control  
16 over financial reporting and the disclosure of all fraud.

17 26. The 2021 Annual Report stated the following, in relevant part,  
18 regarding Defendant McMahon’s importance to the Company and the importance of  
19 the Company’s family-friendly image:

20 **Creative Development and Production**

21 Headed by our Chairman and Chief Executive Officer, Vincent K.  
22 McMahon, our creative team develops compelling and complex  
23 characters and weaves them into dynamic storylines that combine  
24 physical and emotional elements. Storylines are usually played out in  
25 the ring and unfold on our weekly television shows, culminating in our  
26 premium live events. We voluntarily designate the suitability of each  
27 of our television shows using standard industry ratings, and all our in-  
28 ring television programming carries a PG rating, which is critical to

1 maintaining the Company's reputation for family friendly  
2 entertainment.

3 27. The 2021 Annual Report noted the risk of losing Defendant  
4 McMahon's services but did not reveal his misconduct at the Company which could  
5 lead to the loss of his services, stating the following, in relevant part:

6 **The unexpected loss of the services of Vincent K. McMahon could**  
7 **adversely affect our ability to create popular characters and**  
8 **creative storylines or could otherwise adversely affect our**  
9 **operating results.**

10 In addition to serving as Chairman of our Board of Directors and Chief  
11 Executive Officer, Mr. McMahon leads the creative team that develops  
12 the storylines and the characters for our programming (including our  
13 television, WWE Network and other programming) and live events.  
14 *The loss of Mr. McMahon due to unexpected retirement, disability,*  
15 *death or other unexpected termination for any reason could have a*  
16 *material adverse effect on our ability to create popular characters and*  
17 *creative storylines or could otherwise adversely affect our operating*  
18 *results.*

19 (Emphasis added.)

20 28. The statements referenced in ¶¶17-27 above, made by or attributed to  
21 Defendants, were materially false and/or misleading because they misrepresented  
22 and failed to disclose the following adverse facts pertaining to the Company's  
23 business, operational and financial results, which were known to Defendants or  
24 recklessly disregarded by them. Specifically, Defendants made false and/or  
25 misleading statements and/or failed to disclose that: (1) the Company's co-founder,  
26 CEO, and Chairman of the Board, Defendant McMahon, and the Company's head  
27 of talent relations had engaged in sexual relations with employees which  
28 necessitated non-disclosure agreements and millions of dollars in payments upon

1 their end; (2) at least one employee with whom Defendant McMahon had sexual  
2 relations doubled her salary after the start of the relationship; (3) at least one  
3 employee with whom Defendant McMahon had sexual relations with was moved  
4 from the legal department to become an assistant to the WWE's head of talent  
5 relations after Defendant McMahon "gave her like a toy" to him; (4) WWE's  
6 enforcement of its own purported policies was inadequate to prevent the foregoing  
7 conduct; (5) foregoing conduct, when revealed, would foreseeably subject WWE to  
8 heightened legal liability and impede the ability of key WWE personnel to execute  
9 the Company's business strategy; (6) Defendant McMahon's tenure with the  
10 Company, at least in some of his purportedly important capacities would be  
11 jeopardized by the foregoing; (7) Defendant McMahon's actions jeopardized the  
12 Company's touted family-friendly image; and (7) as a result, Defendants' public  
13 statements were materially false and/or misleading at all relevant times.  
14

### 15 The Truth Emerges

16 29. On June 15, 2022, during trading hours, *The Wall Street Journal*  
17 published an article entitled "WWE Board Probes Secret \$3 Million Hush Pact by  
18 CEO Vince McMahon, Sources Say: Company says relationship was consensual and  
19 is cooperating with the inquiry" which revealed the following, in relevant part:

20 *The board of World Wrestling Entertainment Inc. [] is investigating*  
21 *a secret \$3 million settlement that longtime chief executive Vince*  
22 *McMahon agreed to pay to a departing employee with whom he*  
23 *allegedly had an affair*, according to documents and people familiar  
with the board inquiry.

24 The January 2022 separation agreement bars the now-former employee,  
25 who was hired as a paralegal in 2019, from discussing her relationship  
26 with Mr. McMahon or disparaging him, the people said.  
27

1        ***The board’s investigation, which began in April, has unearthed other,***  
2        ***older nondisclosure agreements involving claims by former female***  
3        ***WWE employees of misconduct by Mr. McMahon and one of his top***  
4        ***executives, John Laurinaitis, the head of talent relations at WWE,*** the  
5        people said. The Wall Street Journal couldn’t determine how many  
6        previous agreements were being scrutinized.

7        The board’s outside counsel was still collecting information about the  
8        other NDAs this week but has determined that the payments totaled in  
9        the millions of dollars, the people said.

10       \*       \*       \*

11       The board’s eight independent directors have retained New York-based  
12       law firm Simpson Thacher & Bartlett LLP to conduct the investigation  
13       of Mr. McMahon’s payments, one of the people said. The board’s  
14       preliminary findings are that Mr. McMahon used personal funds ***to pay***  
15       ***the former female employees who signed the agreements, including***  
16       ***the one involving allegations against Mr. Laurinaitis,*** this person said.

17       More broadly, the law firm also is assessing WWE’s compliance and  
18       human-resources programs and company culture, the person said.

19       \*       \*       \*

20       The 12-member board of directors includes several WWE executives  
21       and members of the McMahon family, including Mr. McMahon, who  
22       is chairman; his daughter Stephanie McMahon; her husband, Paul  
23       Levesque, better known as the wrestler Triple H; and WWE President  
24       Nick Khan. Man Jit Singh, a former Sony Pictures Home Entertainment  
25       executive, is the lead independent director and is running the inquiry,  
26       according to people familiar with it.

27       \*       \*       \*

28       Ms. McMahon stepped away from her role as WWE’s chief brand  
29       officer last month, writing in a LinkedIn post that she was “taking this  
30       time to focus on my family” but that she planned to return.

1  
2 \* \* \*

3 Board members learned of the \$3 million agreement in a series of  
4 anonymous emails they received from someone who said the former  
5 WWE paralegal was a friend.

6 *The first email, sent to board members on March 30, alleged that Mr.*  
7 *McMahon, 76 years old, initially hired the woman at a salary of*  
8 *\$100,000 but increased it to \$200,000 after beginning a sexual*  
9 *relationship with her. The email to the board also alleged that Mr.*  
10 *McMahon “gave her like a toy” to Mr. Laurinaitis. The board is*  
11 *investigating the allegations in the email, the people familiar with the*  
12 *inquiry said.*

[Image omitted.]

13 *“My friend was so scared so she quit after Vince McMahon and*  
14 *lawyer Jerry paid her millions of dollars to shut up,” the initial email*  
15 *to the board said, referring to Mr. McMahon’s longtime lawyer, Mr.*  
16 *McDevitt, who negotiated the deal, according to people familiar with*  
17 *the board inquiry.*

18 \* \* \*

19 The directors received a copy of the \$3 million agreement from one of  
20 Mr. McMahon’s lawyers on Sunday, one person familiar with the  
21 inquiry said. The nondisclosure agreement provided an upfront  
22 payment of \$1 million to the former employee, with the remaining \$2  
23 million to be doled out over a period of five years, people familiar with  
24 the deal said.

25 The former employee, 41 years old, had fallen on hard times before  
26 joining the company and spoke of needing extra money, said people  
27 who spoke with her while she worked at WWE. She said she had a law  
28 degree but had never taken the bar exam, telling colleagues that her  
career got sidetracked while she tended to a sick parent, they said.



1 *WWE (NYSE: WWE) and the Board of Directors today announced*  
2 *that a Special Committee of the Board is conducting an investigation*  
3 *into alleged misconduct by its Chairman and CEO Vincent McMahon*  
4 *and John Laurinaitis, head of talent relations, and that, effective*  
5 *immediately, McMahon has voluntarily stepped back from his*  
6 *responsibilities as CEO and Chairman of the Board until the*  
7 *conclusion of the investigation.*

8 (Emphasis added.)

9 32. On this news, WWE's stock price fell \$2.36 per share, or 3.6%, to close  
10 at \$62.51 per share on June 17, 2022, further damaging investors.

11 33. As a result of Defendants' wrongful acts and omissions, and the decline  
12 in the market value of the Company's securities, Plaintiff and other Class members  
13 have suffered significant losses and damages.

#### 14 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

15 34. Plaintiff brings this action as a class action pursuant to Federal Rule of  
16 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who  
17 purchased or otherwise acquired the publicly traded securities of Mullen during the  
18 Class Period (the "Class") and were damaged upon the revelation of the alleged  
19 corrective disclosure. Excluded from the Class are Defendants herein, the officers  
20 and directors of the Company, at all relevant times, members of their immediate  
21 families and their legal representatives, heirs, successors or assigns and any entity  
22 in which Defendants have or had a controlling interest.

23 35. The members of the Class are so numerous that joinder of all members  
24 is impracticable. Throughout the Class Period, the Company's securities were  
25 actively traded on the NYSE. While the exact number of Class members is unknown  
26 to Plaintiff at this time and can be ascertained only through appropriate discovery,  
27 Plaintiff believes that there are hundreds or thousands of members in the proposed  
28

1 Class. Record owners and other members of the Class may be identified from  
2 records maintained by the Company or its transfer agent and may be notified of the  
3 pendency of this action by mail, using the form of notice similar to that customarily  
4 used in securities class actions.

5 36. Plaintiff's claims are typical of the claims of the members of the Class  
6 as all members of the Class are similarly affected by Defendants' wrongful conduct  
7 in violation of federal law that is complained of herein.

8 37. Plaintiff will fairly and adequately protect the interests of the members  
9 of the Class and has retained counsel competent and experienced in class and  
10 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those  
11 of the Class.

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

- 15
- 16 (a) whether Defendants' acts as alleged violated the federal securities  
17 laws;
  - 18 (b) whether Defendants' statements to the investing public during the  
19 Class Period misrepresented material facts about the financial  
20 condition, business, operations, and management of the Company;
  - 21 (c) whether Defendants' statements to the investing public during the  
22 Class Period omitted material facts necessary to make the statements  
23 made, in light of the circumstances under which they were made, not  
24 misleading;
- 25  
26  
27  
28

- 1 (d) whether the Individual Defendants caused the Company to issue false  
2 and misleading SEC filings and public statements during the Class  
3 Period;
- 4 (e) whether Defendants acted knowingly or recklessly in issuing false and  
5 misleading SEC filings and public statements during the Class Period;
- 6 (f) whether the prices of the Company's securities during the Class Period  
7 were artificially inflated because of the Defendants' conduct  
8 complained of herein; and
- 9 (g) whether the members of the Class have sustained damages and, if so,  
10 what is the proper measure of damages.

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

17 40. Plaintiff will rely, in part, upon the presumption of reliance established  
18 by the fraud-on-the-market doctrine in that:

- 19 (a) Defendants made public misrepresentations or failed to disclose  
20 material facts during the Class Period;
- 21 (b) the omissions and misrepresentations were material;
- 22 (c) the Company's securities are traded in efficient markets;
- 23 (d) the Company's securities were liquid and traded with moderate to  
24 heavy volume during the Class Period;
- 25  
26  
27

- 1 (e) the Company traded on the NYSE, and was covered by multiple  
2 analysts;
- 3 (f) the misrepresentations and omissions alleged would tend to induce a  
4 reasonable investor to misjudge the value of the Company's securities;  
5 Plaintiff and members of the Class purchased and/or sold the  
6 Company's securities between the time the Defendants failed to  
7 disclose or misrepresented material facts and the time the true facts  
8 were disclosed, without knowledge of the omitted or misrepresented  
9 facts; and
- 10 (g) Unexpected material news about the Company was rapidly reflected  
11 in and incorporated into the Company's stock price during the Class  
12 Period.

13  
14 41. Based upon the foregoing, Plaintiff and the members of the Class are  
15 entitled to a presumption of reliance upon the integrity of the market.

16 42. Alternatively, Plaintiff and the members of the Class are entitled to the  
17 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens*  
18 *of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as  
19 Defendants omitted material information in their Class Period statements in  
20 violation of a duty to disclose such information, as detailed above.

21 **COUNT I**

22 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**

23 **Against All Defendants**

24 43. Plaintiff repeats and realleges each and every allegation contained  
25 above as if fully set forth herein.







1 Defendants exercised their power and authority to cause the Company to engage in  
2 the wrongful acts complained of herein. The Individual Defendants therefore, were  
3 “controlling persons” of the Company within the meaning of Section 20(a) of the  
4 Exchange Act. In this capacity, they participated in the unlawful conduct alleged  
5 which artificially inflated the market price of the Company’s securities.

6 57. The Individual Defendants, therefore, acted as controlling persons of  
7 the Company. By reason of their senior management positions, the Individual  
8 Defendants had the power to direct the actions of, and exercised the same to cause,  
9 the Company to engage in the unlawful acts and conduct complained of herein. The  
10 Individual Defendants exercised control over the general operations of the  
11 Company and possessed the power to control the specific activities which comprise  
12 the primary violations about which Plaintiff and the other members of the Class  
13 complain.  
14

15 58. By reason of the above conduct, the Individual Defendants are liable  
16 pursuant to Section 20(a) of the Exchange Act for the violations committed by the  
17 Company.

18 **PRAYER FOR RELIEF**

19 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

20 A. Determining that the instant action may be maintained as a class action  
21 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as  
22 the Class representative;

23 B. Requiring Defendants to pay damages sustained by Plaintiff and the  
24 Class by reason of the acts and transactions alleged herein;  
25  
26  
27

1 C. Awarding Plaintiff and the other members of the Class pre-judgment  
2 and post-judgment interest, as well as their reasonable attorneys' fees, expert fees  
3 and other costs; and

4 D. Awarding such other and further relief as this Court may deem just and  
5 proper.

6 **DEMAND FOR TRIAL BY JURY**

7 Plaintiff hereby demands a trial by jury.

8  
9 Respectfully submitted,

10  
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