IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No.:

[redacted] Individually and on Behalf of All Others Similarly Situated,

Plaintiff,

v.

BOULDER BRANDS, INC.,
STEPHEN B. HUGHES,
JAMES B. LEIGHTON, and
CHRISTINE SACCO,

Defendants.

PLAINTIFFS' COMPLAINT and JURY TRIAL DEMAND

Plaintiff [redacted] ("Plaintiff"), by his undersigned attorneys, individually and on behalf of all other persons similarly situated, alleges the following based upon personal knowledge as to himself and his 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 Defendants' public documents, conference calls and announcements made by Defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Boulder Brands, Inc. ("Boulder" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

INTRODUCTION

1. This is a federal securities class action on behalf of all persons who purchased or otherwise acquired Boulder common stock between December 23, 2013 and October 22, 2014 (the "Class Period"), against Boulder and certain of its officers and/or directors for violations of the Securities and Exchange Act of 1934 ("1934 Act"). These claims are asserted against Boulder and certain of its officers and/or directors who made materially false and misleading statements during the Class Period in press releases, analyst conference calls, and SEC filings.

2. Boulder is a company that markets and manufactures a wide array of consumer food products for sale primarily in the U.S., Canada, and the United Kingdom. The Company operates in two segments: Natural and Balance (also known as Spreads). The Company's Natural segment consists of its Udi's, Glutino, Davies, and EVOL branded products. The Balance segment consists of its Smart Balance, Earth Balance, and Level Life branded products.

3. During the Class Period, Defendants issued materially false and misleading statements and omissions concerning the Company's inventory management issues, problems with the integration of recent acquisitions, and margin improvement project, including that the Company's ongoing mix-shift to lower margin products made previously announced margin improvements unattainable.

4. Throughout the Class Period, Defendants falsely reiterated inflated and unattainable financial guidance and provided several false assurances of ongoing operational improvements that would purportedly boost margins as the year progressed. As a result of Defendants' false statements, Boulder stock traded at artificially inflated prices during the Class Period, reaching a high of $17.94 on April 2, 2014.

5. On October 22, 2014, Boulder issued a press release providing an update on its anticipated third quarter 2014 financial results and its outlook for the fourth quarter 2014. Boulder disclosed that during "the third quarter, we faced a number of headwinds that impacted our financial results. Smart Balance continued to face challenges in the spreads category, resulting in a larger than expected decline." The Company further disclosed that the "the mix shift of our fast-growing, lower margin Natural segment is significantly outpacing our higher margin Balance segment and is therefore putting increased pressure on our gross margins." In addition, the Company revealed it was "expecting lower shipments due to a normalizing of certain inventories at our largest customer."

6. On October 22, 2014, it became clear that not only had there been no boost to the Company's margins as repeatedly touted by Defendants, but margins had actually decreased because of a shift in product mix, acquisition integration issues, and decreased sales brought about by internal supply, demand, and service issues. On this news, the price of Boulder stock collapsed 23.64%,

falling from a closing price of $12.73 on October 21, 2014 to close at $9.62 on October 22, 2014, on volume of more than 9 million shares traded. The next day, the stock dropped an additional 6.55%, closing on October 23, 2014 at $8.99, on volume of more than 5.3 million shares traded.

JURISDICTION AND VENUE

7. Jurisdiction is conferred by §27 of the 1934 Act, 15 U.S.C. §78aa. The claims asserted herein arise under §§10(b) and 20(a) of the 1934 Act, 15 U.S.C. §§78j(b) and 78t(a), and SEC Rule 10b-5, 17 C.F.R. §240.10b-5.

8. Venue is proper in this District pursuant to §27 of the 1934 Act. The violations of law complained of herein occurred in part in this District, including the dissemination of materially false and misleading statements complained of herein into this District. Boulder's principal executive offices are located at 1600 Pearl Street, Suite 300, Boulder, Colorado 80302.

9. 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. Boulder trades in an efficient market on the NASDAQ.

PARTIES

10. Plaintiff purchased Boulder common stock as described in the attached certification and suffered damages as a result of the securities fraud alleged herein.

11. The Company is incorporated in Delaware with its principal place of business in Boulder, Colorado.

12. Defendant Stephen B. Hughes ("Hughes") is, and at all relevant times was, Chairman of the Board, Chief Executive Officer and Director of Boulder.

13. Defendant James B. Leighton ("Leighton) is, and at all relevant times was, Chief Operating Officer of Boulder.

14. Defendant Christine Sacco ("Sacco") is, and at all relevant times was, Chief Financial Officer and Treasurer of Boulder.

15. Defendants Hughes, Leighton, and Sacco (collectively, the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of Boulder's quarterly reports, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. They were provided with copies of the Company's reports 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 cause them to be corrected. Because of their positions with the Company 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 pleaded herein.

FRAUDULENT SCHEME AND COURSE OF BUSINESS

16. Defendants are liable for: (a) making false statements; or (b) failing to disclose adverse facts known to them about Boulder. Defendants' fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Boulder common stock was a success, as it: (a) deceived the investing public regarding Boulder's prospects and business; (b) artificially inflated the price of Boulder common stock; and (c) caused Plaintiff and other members of the Class, as defined

below, to purchase Boulder common stock at inflated prices and suffer economic loss when the revelations set forth herein reached the market.

CLASS ACTION ALLEGATIONS

17. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired Boulder common stock during the Class Period (the "Class"). Excluded from the Class are Defendants and their families, 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.

18. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. Boulder trades on the NASDAQ and has more than 60 million shares outstanding, owned by hundreds, if not thousands, of persons.

19. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

(a) whether Defendants violated the 1934 Act;

(b) whether Defendants omitted and/or misrepresented material facts;

(c) whether Defendants' statements omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) whether Defendants knew or recklessly disregarded that their statements were false and misleading;

(e) whether the price of Boulder stock was artificially inflated; and

(f) the extent of damages sustained by Class members and the appropriate measure of damages.

20. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

21. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

22. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

DEFENDANTS' FALSE AND MISLEADING

- As a result, ***the Company expects 2014 sales to be in the range of $540 million to $550 million (previous range of $515 million to $525 million); adjusted EBITDA to be in the range of $89 million to $94 million (previous range of $87 million to $92 million) and earnings per share to be in the range of $0.41 to $0.46*** (previous range of $0.43 to $0.48).

24. On the morning of February 27, 2014, the Company issued a press release announcing its financial results for the fourth quarter ended December 31, 2013 and reiterated its 2014 outlook. Among other things, the press release stated:

> ***For 2014, the Company continues to expect net sales to be in the range of $540 million to $550 million, EBITDA to be in the range of $80 to $85 million, and adjusted EBITDA to be in the range of $89 million to $94 million. In addition, the Company updated its earnings per share outlook to be in the range of $0.39 to $0.44***, compared to the Company's initial estimate of $0.41-$0.46, to reflect updated estimates for stock-based compensation and depreciation and amortization.

25. In the February 27, 2014 press release, the Company provided additional updates regarding its outlook for 2014, stating, in relevant part:

- The Company expects overall net sales growth in 2014 to be in in the 15% to 20% percentage range versus 2013 and organic net sales growth to be in the 13% to 18% range. The organic growth calculation excludes sales from milk during the first half of 2013 and includes the sales from EVOL Foods for the full year of 2013. The Company expects growth to be driven by increased distribution and continued velocity for Earth Balance, Udi's and Glutino and the inclusion of EVOL on a full year basis.

- Total net sales growth for the Natural segment is estimated to be 35% to 40%. Organic net sales growth in the Natural segment, which assumes the Company owned EVOL in both periods, is estimated to be 25% to 30%.

- Total net sales for the Balance segment is expected to be in the range of a low-single-digit decline to a low-single-digit increase. Organic net sales for the Balance segment, excluding milk sales in 2013 given the move to license milk, is expected to increase in the low-single-digit range.

- ***Gross profit margin for the year is expected to be in the 37% to 42% range as strong growth in the Natural segment will impact overall gross margin. In addition, the Company believes the impact from higher commodity***

> **prices and lower utilization will impact the gross margin more significantly in the earlier quarters and improve sequentially throughout 2014.**

26. After releasing its fourth quarter 2013 results on February 27, 2014, the Company hosted a conference call for analysts, media representatives and investors. During the opening portion of the call, Defendant Sacco reiterated the 2014 outlook described in the press release and stated, in part:

> In addition, we are being impacted by higher commodity prices for egg whites, a key ingredient for our bread business, as the price has a spiked from an average of $5 per pound to over $8 per pound in a short time. **Throughout 2014, we expect to see a sequential improvement in gross margins, as operational improvements and a price increase for Udi's, should somewhat offset higher egg-white prices throughout the year. As a result we expect gross margin to be at the lower end of the range in the first half of 2014 and at the higher end in the second half of 2014.**

27. As the February 27, 2014 conference call continued, Defendant Hughes also made statements discussing the Company's "six key strategies for 2014," which he stated would be discussed in more detail on March 5, 2014. Specifically, Defendant Hughes stated, in part:

> Number one is to expand gluten-free products and velocities in all regions -- the US, Canada, and the UK; and all channels -- natural, grocery, mass, food service, club, and drug.
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> Two, is to leverage our frozen platform through the distribution of EVOL frozen-food products, and build on the success of Udi's frozen pizza with the launch of Udi's frozen entrees and hand-held products. **Three, is to revitalize our spreads business and increase SKU productivity, while maintaining strong profitability.**
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> Four, strengthen Earth Balance to butter distribution and new products. Five, expand level-wide distribution through the launch of bars and shakes in the US. **And, six, improve overall long-term profitability through near-term sustainable margin improvement investments in 2014.**

28. Providing commentary on the "six key strategies for 2014," Defendant Hughes continued:

And, **finally, we expect to make investments to support the overall goal of ensuring greater operational capacity and efficiencies across the organization, and ultimately improving gross margins.**

As I mentioned in Q4, we initiated a comprehensive strategic review to ensure we have the integrated strategies, processes, and operations in place to keep up with our growth, and then take steps to ensure we have the people end of the structure ***to keep pace. Jim Leighton, our COO, is leading this initiative, and I'm very*** **encouraged by the progress on this project and the potential benefits as we move through 2014 into 2015. Jim has identified specific platforms and has hired an expert outside consulting firm to help us develop our long-term manufacturing plan, with the goal of ensuring the most optimal and low-cost production of our brands, products, and platforms.**

29. During the question and answer portion of the February 27, 2014 conference call, defendants were asked by an analyst from William Blair & Company about the Company's "confidence that we can see that sequential steady improvement [on gross margin in the 2014 guidance] as we move through the year." In response, Defendant Hughes, Leighton, and Sacco stated, in relevant part:

[Defendant Hughes:] There are really three things. The real big impact to the fourth quarter, and to some extent the first quarter, is going to be the launch expenses in the UK. And that's a strategic decision and investment, but that's probably half of the year-over-year difference.

The second thing is: We are taking a price increase that will be effective March 1. Which will cover some of the issue on egg whites. **But most importantly, and maybe let Jim talk to this, we have a lot of low-hanging fruit on margin improvement, and that work is really under way in a major way**. So, maybe, Jim, you want to touch on that?

[Defendant Leighton:] Good morning. We really have a four-phased approach. The first one is: **In the second half of last year, we had to get our arms around – quickly around customer service. So, we built up the capabilities and capacities to support that. And happy to tell you now that we have customer-service levels where they need to be.**

The other is relative to non-capital-***related items that we're working on in all of our facilities, and that's continuous improvement. So, we're bringing some new*** **tools and so forth to the table to work on that.**

And then the third is: We are working on our co-pack and internal network, and optimizing what that looks like. So, the $20 million that Steve referenced earlier -- he referenced that we're going to make sure that we're investing in those sustainable proven product platforms which will significantly reduce cost of goods manufactured. It will increase quality. And it will also help us on the service side of our Business.

[Defendant Sacco:] Jon, I would just echo, **I think we have very clear visibility to how we offset the egg-*white costs. In the guidance for 2014, we've assumed* -- we *are not hedging egg whites. That market's not available to us, but we've assumed* current prices continuing to hold for the entire year**.

But we are already seeing, in Q4, improvements in the Denver facility in terms of efficiencies; obviously, overhead absorption continues to come down as the volume *increases. We're seeing increases in yield. We're seeing that even in Q1 versus* Q4. And so, I think we feel very confident in our ability to offset the impact of the egg whites.

* * *

[Defendant Hughes:] So, I think what you'll see over the next four quarters, eight quarters, is just continuing for us to dial this in with the scale. The nice thing we have -- we have the scale. We've got volume now to really be able to leverage, whether it's automation or it's leveraging strategic sourcing of ingredients and such. Again, I think we feel pretty good that ***we're going to see real strong sequential* improvement as we move quarter to quarter this year**.

30. Responding to an analyst question on what would cause Boulder's margins to improve sequentially in the second half of 2014 and whether the improvement related to Smart Balance, Defendant Hughes stated in part:

Scott, one way to think about this is: The third quarter, we had about $1.5 million of start-up expenses, and we lost probably $1.5 million of margin on shorting product in the third quarter. In the fourth quarter, we had $1.6 million investment, and known strategic investment in the UK launch. And in the fourth quarter, we still had about $1 million, $1.5 million of loss on shorts.

The beautiful thing is: Jim and the team have done a fabulous job. **We really have seen our service levels get back to the standard we want to see over the last month *and a half. So, we don't think the shorting issue's going to be there going forward*.**

And I keep telling everybody: The good news is, those things that hurt us in the third and fourth quarter are going to be in our comp coming up, so that's a good thing.

But ***I think we're really getting pretty good visibility on the levers that are going to*** expected by early summer."[2] The Company announced in the press release that the switch to non-GMO would result in the conversion of more than 20 million pounds of oils to non-GMO.

35. On March 5, 2014, Boulder hosted its 2014 Analyst Day. Responding to the presentations made by the Company that day, Canaccord Genuity issued a report on March 6, 2014 stating, in part:

> We came away from the analyst day more confident in the growth outlook and now believe that Boulder has under-earned the last couple of quarters despite meeting its sales and earnings guidance. We have always known that Boulder management was very adept at marketing, growing young brands and creating demand. However, *we now see operational management strength, supply chain management enhancement and a broader energetic/passionate team of VPs that are on a mission*.

36. Describing the analyst day presentations, William Blair & Company released a report on March 6, 2014 stating that "Chief Operating Officer James Leighton provided a relatively upbeat progress report on fill rates and the prospects for productivity and, in turn, *margin improvements* over time. Capacity constraints resulted in short shipments during the second half of 2013, although we understand fill rates have now recovered to targeted levels. . . . A full review of the supply chain and manufacturing architecture is still underway, although *we understand productivity benefits should support sequential margin improvement throughout 2014*."

37. On May 8, 2014, Boulder issued a press release announcing its first quarter results ended March 31, 2014. Among other things, the press release stated:

> ***The Company also reaffirmed its guidance***, but narrowed the range on profit metrics due to the impact and uncertainty of egg white prices. ***For 2014, the Company continues to expect net sales to be in the range of $540 million to $550 million. However the Company updated its adjusted EBITDA outlook to be in the range of $89 to $91 million, from $89 million to $94 million previously, and its earnings per***

[2] A "GMO" is a genetically modified organism. Some foods contain genetically modified ingredients which are the result of genetic engineering of plant genes in a laboratory.

> **share outlook to be in the range of $0.39 to $0.41, at the lower end of its previously stated $0.39 to $0.44 range, primarily reflecting updated estimates for higher egg white prices for the remainder of 2014.**
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> Commenting on the results, Chairman and Chief Executive Officer Stephen Hughes stated, "While we continued to see strong sales momentum, our bottom line results were muted due to higher than expected egg white prices, which are an important ingredient in our gluten free bread business, as well as the mix shift to our Natural segment, which has lower gross margins. Regarding the higher egg white price environment, we expect to somewhat offset the impact as we are in the process of improving our formulation, which requires less egg white. **In addition, we have a number of margin improvement projects in process. As a result, we expect to see gross margins return to more normal levels in the back** ***half.*****"**
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> "Overall, despite some **short-term gross margin pressure**, we are pleased with the first quarter. **I believe the stage is set for us to build on both revenue and margin. As we move from the first half of the year to the second half, we expect to begin to see the fruits of our efforts in terms of our margin improvement program and major distribution gains on our major sales initiatives** – Project Gluten Freedom, Frozen Forward with Udi's and EVOL, and expansion into the Club channel," concluded Mr. Hughes.
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> **In the second half of the year, the Company expects to see a sequential improvement in gross margin due to operational improvements. Accordingly, the Company expects full year gross margin to be approximately 40% to 41%. Despite higher egg white prices, gross margin is expected to benefit from trade efficiencies, cost of goods reductions by improving its formula, and efficiency gains with its co-packers.** Additionally, we expect margin improvement in the UK and at Level as they lap start-up costs associated with product launches.

38. Subsequently on May 8, 2014, Boulder issued a revised first quarter 2014 press release that was corrected to state that the Company expected sequential improvement in gross margins to 41% by the fourth quarter of 2014, rather than expecting gross margin of approximately 40% to 41% on a full-year basis.

39. After releasing its first quarter 2014 results on May 8, 2014, the Company hosted a conference call for analysts, media representatives and investors. As the call began, Defendant Hughes reiterated that the Company's margins were poised for expansion:

> Overall, despite some **short-term gross margin pressure**, I feel very – I'm very pleased with the number of positive developments in our first quarter. We had strong organic net sales growth of 18%, great momentum with our retailers and excellent progress on operations.
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> As a result, **I believe the stage is set to build both revenue and margin throughout 2014** and into 2015.
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> * * *
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> Due to the – looking at the April volumes we are seeing, ***we are confident that we're*** **on track to deliver results in line with our plan and guidance**.

40. Describing why the Company's gross margins were under pressure, Hughes pointed to higher egg white prices and Boulder's "mix shift to our Natural brands."

41. Discussing the Company's first quarter 2014 financial results, Defendant Sacco stated, in part:

> For the second quarter, given higher-than-expected egg white prices, we expect gross margin to be approximately 37% and net income similar to Q1. **In the second half of the year, we expect to see a sequential improvement in gross margins, as operational improvements are expected to improve margin to 41% by the fourth quarter**.
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> **Despite higher egg white prices, we expect gross margin to benefit from a number of initiatives**. The first is an improvement in our cost of goods, as we are in the process of improving our formulation, which requires less egg whites. This new formulation is in production, and when inventories flow through, it will have a meaningful impact in Q3.
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> **In addition, we have launched a major margin improvement program, and the scale of our emerging brands –** ***Udi's, Glutino and EVOL*** **– provides us with a wide range of margin improvement opportunities**.
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> Second, we have the price increase that was effective as of March 1 on our Udi's bakery items.

> **Next is trade efficiencies. This has been an area of opportunity for us for some time as we focus on improving trade and promotions for both the Natural and Balance segments.** And we expect margin improvement from the U.K. business as we lap the startup costs associated with product launches and move all ambient product production to the U.K.
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> Finally, we expect to make investments to support the overall growth of ensuring greater operational capacity and efficiency across our organization, ultimately improving gross margins. **In the near term, as we move from the first half to the *second half, we'll begin to see the impact of our efforts. Our comprehensive* margin improvement program should deliver meaningful improvement from 37% in the first quarter to the low 40%s by year end.**

42. Describing the Company's operations status, Defendant Leighton stated, in part:

> Regarding our new Denver Florence Street facility. ***We've made tremendous* progress stabilizing customer service. We are now at or above targeted service *goals. We're also making progress in driving operational improvements in yield,* efficiencies and quality across all of our facilities.**

43. During the question and answer portion of the May 8, 2014 conference call, Defendants were questioned regarding whether the Company could achieve its year-end margin target. In response, Sacco stated, in part:

> **Trade efficiencies is a huge initiative for us this year in the first half versus second half as we look to integrate strategies for the businesses that we have acquired as well as on the Balance side.** And in terms of operational efficiencies, as Steve mentioned, the formulation change has reduced the egg whites pretty significantly. We've got a lot of overhead absorption with the increase in volumes at the Denver and Laval facilities. As Steve mentioned, co-packer toll reduction for volume increases, some of which are already baked in. And shifting our co-packing network over to the UK provides a meaningful increase to what in Q1 was an investment in gross profit over in the UK.

44. Discussing the Company's guidance, Hughes later added, "[T]he thing that I'm really – I sleep at night with is ***we've ide*ntified and put a couple of major margin-improvement initiatives into our guidance.**" Touching again on margins, Sacco stated, "**We are guiding to fourth quarter**

41% gross margins. It looks like there was a typo in the release, so I just want to clarify that for everyone."

45. As the call continued, an analyst questioned, "Everything you're saying about your earnings this quarter, next quarter for the guidance is tied to this what's going on with the egg whites. There's nothing really other than that that's changed very much versus your plan?" In response, Sacco stated:

> That's exactly right. The year-over-year impact of – we talked to you – we were talking about $10 million on the last call; now it's $13 million. And so it's exactly right. All of the other lines on the P&L, we are reiterating.

46. Hughes added, in part:

> Not pleased with the impact [commodities] have in the first quarter. **We are – and *we are working that issue, and I think we feel confident we've got that issue solved*.** But we look at everything else net of egg whites for this quarter. We are much more – we validated a number of key initiatives. Frozen Forward, which is a four-door frozen vision that we're sharing with customers, and they are leaning into it aggressively. We validated the in-store bake move on Udi's , which could be a significant incremental opportunity that will build this year but as we get into 2015.
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> ***So we're seeing green lights on everything except egg whites. And we've got that* program – *we've got that issue addressed*.**

47. On May 8, 2014, the Company filed with the SEC its quarterly report on Form 10-Q for the quarter ended March 31, 2014. The 10-Q, which reiterated the financial results in the press release, was signed by Hughes and Sacco, and contained SOX certifications signed by each of them.

48. On August 7, 2014, Boulder issued a press release announcing its financial results for the second quarter ended June 30, 2014. The press release stated, in part:

> **The Company reaffirmed its previously stated 2014 guidance. The Company continues to expect net sales to be in the range of $540 million to $550 million, adjusted EBITDA to be in the range of $89 to $91 million, and its earnings per share to be in the range of $0.39 to $0.41.**

> Chairman and Chief Executive Officer Stephen Hughes stated, "We executed our plan in the quarter and **we are on track to reach our full year targets**. While first half profits continue to be muted due to elevated egg-white prices and the mix shift to Natural, **we are experiencing strong sales momentum and anticipate significant margin improvement and further distribution gains from our core initiatives in the second half. Importantly, we now have egg-whites locked in for the duration of the year**."
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> Commenting further, Mr. Hughes said, "The Natural segment, which includes Udi's, Glutino, and EVOL, represented 61% of our total net sales and reported a strong organic net sales increase of 34.8%. Our Balance segment organic net sales increased 1.4%, and brand profit and brand profit margin for the Balance segment both increased in the second quarter. Our transition to Non-GMO spreads is complete and Smart Balance Spreads are now entirely non-GMO across all accounts. In addition, Earth Balance continues to have momentum in the spreads category and conventional retailers are looking to expand Earth Balance placements. Overall, I'm pleased with our progress. **The combination of continued strong organic growth *and a rebound in gross margins should result in a strong finish to 2014.*"**
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> **The Company continues to expect net sales to be in the range of $540 million to $550 million, adjusted EBITDA to be in the range of $89 to $91 million, and earnings per share to be in the range of $0.39 to $0.41**. The earnings per share outlook is now based on diluted shares outstanding of 64.1 million. Additionally, as previously guided, **gross margin is expected to improve sequentially to 41% by the fourth quarter due to operational improvements.**

49. After releasing its second quarter 2014 results on August 7, 2014, the Company hosted a conference call for analysts, media representatives and investors. During the call's opening remarks, Defendant Hughes stated, in part:

> While sales continue to be strong, **two key issues impacted our Q2 gross margins – higher egg whites and the mix shift to our Natural brands. On egg whites, which *impact our Udi's bakery items, the team has successfully addressed this* unprecedented spike in the commodity cost. While not impacting Q2 results, changes were made in Q2 which will begin to positively impact our results in Q3.**
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> **The combination of a price increase, formula changes, cost reductions and securing egg whites for the balance of the year will result in a strong rebound in gross margins in the second half**. We have significantly reduced our reliance on egg whites while improving the quality and consistency of our Udi's bakery items.

Jim Leighton and his team have done a remarkable piece of work on this project. Also, we have secured supply for the balance of the year between $9 and $9.50.

Regarding mix shift. Over the past three years, we've transformed our business from primarily the established Smart Balance Spreads to a diverse growing portfolio in the Natural food space. Udi's and EVOL are early-stage brands and while gross margins today are below our corporate average, ***work is underway to leverage the emerging scale of these brands and improve margins materially in coming quarters***.

The stage is set to build both net sales and margins throughout the second half of 2014 and into 2015. As we move through this year, and look to the future, we are confident that our margins will track the same positive growth path as our sales. Adjusted EBITDA was flat at $17.6 million for the quarter in line with our expectations and primarily driven by the lower gross margins; non-GAAP EPS was $0.05 in line with our plan.

50. Discussing the Company's financial performance, Defendant Sacco stated, in part:

Gross margin was 35.7% in the second quarter, a decline of 610 basis points. The gross margin decline was primarily related to the increase in egg white pricing which was approximately a 210 basis point hit to total gross margin, as well as the mix shift to the lower gross margin Natural brands which accounted for an approximate 190 basis point hit to total gross margin. The exit from milk in last year's second quarter was an offsetting benefit in the current quarter.

Looking at the segment results. In Q2 2014, Natural gross margin decreased to 29.1% from 37.3% in the second quarter last year. The spike in egg whites reduced gross margins in Natural by approximately 350 basis points in the quarter.

Turning to the Balance segment. The segment gross margin decreased 30 basis points to 46.1% from 46.4% last year. A modest decrease in gross margin in the quarter primarily reflects the sales decrease in the Smart Balance spreads business offset by the licensing of milk and lower slotting expenses for spreadable butter.

* * *

With respect to the balance sheet, one item to note. We invested $9.3 million in inventory in the second quarter and $8.2 million in the first quarter for a total of $17.5 million year-to-date. Recall at the end of 2013, we had out of stocks and missed sales due to inventories that were too low. We have now built them back up to an appropriate level for our business which is reflected in our case fill levels that are currently at 99%.

* * *

Regarding our outlook. **We are reaffirming our guidance for the year. We continue to expect net sales to be in the range of $540 million to $550 million; organic net sales growth in the 13% to 18% range, with the Natural segment expected to come in at the high end of the range of 25% to 30%; and Balance to be flat to slightly positive. Adjusted EBITDA to be in the range of $89 million to $91 million, EBITDA to be in the range of $79 million to $81 million, and EPS to be in the range of $0.39 to $0.41 per share based on 64.1 million shares outstanding.**

Regarding the quarterly flow of earnings for the back half, for the third quarter, we expect earnings per share to be in the range of $0.10 to $0.12 per share and the fourth quarter to be in the range of $0.18 to $0.20 per share. In addition, **we still expect gross margin to improve to 41% by year-end from an average of 37% in the first half of 2014 or approximately a 400 basis point improvement.**

As we move from the first half to the second half of the year, we will begin to see the impact of our comprehensive margin improvement program. Four key areas should contribute to the overall improvement in gross margins.

First, the majority of the improvement will come from the reduction of inefficient trade and coupon spending as we are gaining efficiencies with our retailers across our brands. Second, effective in Q3, we will begin to feel the benefit of the price increase on Udi's bakery we implemented to offset the higher egg white costs. Third we reformulated our ingredient profile which is now less dependent on egg whites. And finally **we have a number of operational initiatives as we focus on continuous improvement projects that are already beginning to contribute to margin enhancement**.

51. Commenting further on the Company's gross margins, Defendant Hughes added:

Finally we'll continue to invest to support the overall goal of ensuring greater operational capacity and efficiencies across the organization, ultimately improving gross margins. As Chris discussed earlier, **we have a number of margin improvement projects expected to impact the second half**, **the reduction of inefficient trade and consumer coupon spending**, the balance of the price increase on Udi's bakery, egg whites supply chain initiatives and formulation of the cost improvements. **The bulk of operational efficiency improvements, which should positively impact** Q2, will have even greater benefits in 2015 -- or excuse me, in **the second half**, will have a greater impact in 2015.

52. During the question and answer portion of the call, in response to a question regarding egg white pricing, Hughes stated, in part, ***"[W]e're on track to get our gross margins*** **solidly over 40% going forward. And there is a lot of margin improvement**. . . I think overall, we

really feel that with the team we have in place that **we should be looking to be solidly over 40%**." Adding on, Sacco stated, in part. "[J]ust on egg whites, our Q4 guidance includes egg whites between $9 and $9.50."

53. Later in the call, a KeyBanc Capital Markets Inc. analyst questioned "about the gross margin bridge" and the "pretty significant recovery that you're baking into your guidance," asking what would drive the margin increase and "what's changed?" In response, Sacco stated, in part:

> This is Chris. ***So the 400 basis points we've got in for first half versus second half*** **is really going to be driven by three things. The first, and the majority, so more than half of the basis point improvement is going to come from our reduction of inefficient trade spend, the conventional promotion pricing model just not working.** ***We're going to move to fewer, bigger, better events.***
>
> ***We've had reformulations with our Udi's bakery products that have improved the performance and in connection with the egg white movement we've also taken price on Udi's bakery items. That will kick in in the third quarter. And then just*** **the continuous margin improvement – which is of the three initiatives contributing the least to the margin improvement,** but there are -- every day there's a new item on that project challenge list.

54. On the morning of October 22, 2014, Boulder issued a press release providing an update on its anticipated financial results for the third quarter ended September 30, 2014, and providing an outlook for the fourth quarter of 2014. Among other things, the press release revealed that the Company was taking a significant impairment charge, that earnings per share would fall significantly short of the guidance repeatedly reaffirmed by Defendants during the Class Period, and that margins would not reach the levels consistently touted by Defendants. The release provided in part:

- For the third quarter of 2014, the Company expects net sales to be approximately $133.9 million, an increase of 13% over the third quarter of 2013.

- Organic net sales increased approximately 8% and organic consumption growth increased approximately 12%.

- Adjusted EBITDA for the third quarter of 2014 is expected to be approximately $21 million.

- *GAAP diluted loss per share for the third quarter of 2014 is expected to be approximately $(2.12) after giving effect to the impairment charges detailed below. Excluding certain items, non-GAAP diluted earnings per share for the third quarter of 2014 is expected to be approximately $0.08 compared to prior guidance of $0.10 to $0.12.*

- For the fourth quarter of 2014, the Company expects net sales to be in the range of $132 to $137 million.

- Adjusted EBITDA for the fourth quarter of 2014 is expected to be in the range of $18 to $20 million.

- Non-GAAP diluted earnings per share for the fourth quarter of 2014 is expected to be in the range of $0.04 to $0.06 compared to prior guidance of $0.18 to $0.20.

- *In addition, we are anticipating preliminary estimated non-cash goodwill and trade name impairment charges aggregating $147.5 million relating to the Smart Balance business, of which a significant portion will not be tax deductible.*

Chairman and Chief Executive Officer Stephen Hughes stated, "During the third quarter, we faced a number of headwinds that impacted our financial results. Smart Balance continued to face challenges in the spreads category, resulting in a larger than expected decline. In addition, *as noted on our second quarter call, the mix shift of our fast-growing, lower margin Natural segment is significantly outpacing our higher margin Balance segment and is therefore putting increased pressure on our gross margins*."

Mr. Hughes concluded, "While we are disappointed with our results, consumption is in line with our guidance and tracking ahead of sales, which is a positive indicator for the health of our business. We expect consumption in the fourth quarter to be in line with the third quarter, *but are expecting lower shipments due to a normalizing of certain inventories at our largest customer*. We look forward to detailing our strategy and outlook for the fourth quarter and 2015 on our upcoming earnings call."

55. On this news, the price of Boulder stock collapsed nearly 24%, dropping from a closing price of $12.73 on October 21, 2014 to close at $9.62 on October 22, 2014, on abnormal

trading volume of more than 9 million shares. The next day, the stock dropped an additional 6.55%, closing at $8.99 on October 23, 2014, on volume of more than 5.3 million shares traded.

56. After the surprising October 22, 2014 announcement, the Company went into a quiet period until reporting its third quarter results on November 6, 2014. On November 6, 2014, after the Class Period, the Company issued a press release announcing its financial results for the third quarter ended September 30, 2014. The release provided in part:

- For the third quarter of 2014, net sales were $133.9 million, an increase of 13.0% over the third quarter of 2013.

- Organic net sales increased 8.4% and organic consumption growth increased 12.2%.

- During the third quarter of 2014, net sales of Smart Balance continued to decline *more than the category*. Given the stronger trends and unique positioning with Earth Balance, *the Company has made the strategic decision to substitute Earth Balance for under-performing Smart Balance items, and has lowered its long-term projections for Smart Balance. As a result, the Company recorded impairment charges to goodwill and the Smart Balance trade name of $150.5 million*, of which $113.5 is not tax deductible.

- *The Company's operating loss was $138.1 million in the third quarter of 2014 after giving effect to the Smart Balance impairment charges*. Adjusted EBITDA for the third quarter of 2014 was $20.9 million.

- *GAAP diluted loss per share for the third quarter of 2014 was $(2.17) after giving effect to the impairment charges noted above*. Excluding certain items, non-GAAP diluted earnings per share for the third quarter of 2014 were $0.08.

- As previously announced, for the fourth quarter of 2014, net sales are expected to be in the range of $132 million to $137 million; adjusted EBITDA is expected to be in the range of $18 million to $20 million; and non-GAAP diluted earnings per share is expected to be in the range of $0.04 to $0.06 per share.

- The initial outlook for the full year 2015 is as follows: Net sales are expected to be in the range of $575 million to $585 million; Gross margin is estimated to be in the 36% to 37% range; EBITDA is expected to be in the range of $67

> million to $71 million; adjusted EBITDA is expected to be in the range of $78 million to $82 million; and diluted earnings per share is expected to be in the range of $0.25 to $0.29, based on 64 million shares outstanding.

57. Further commenting on the Company's unexpected negative performance, the press release also stated:

> Chairman and Chief Executive Officer Stephen Hughes stated, "We faced a number of *simultaneous headwinds this quarter, including the challenging spreads environment, the mix shift impact of our lower-margin but faster-growing Natural segment, and continued commodity pressure in our gluten-free business, and we are disappointed with our recent performance. We are also realigning our inventory management practices with respect to our largest customer in order to be more consistent with the rest of our customer base, which will be a drag on our fourth quarter results."* Mr. Hughes continued, "Rest assured, we have worked tirelessly to address our issues. While this quarter was not what we had planned for across the business, we are encouraged that consumption is tracking ahead of sales, which is a positive indicator, and based on continuing improvements in managing our cost structure, we remain confident in our long term margin outlook. After very thoughtful planning and our learnings from this quarter, we are providing 2015 guidance that we are eager and committed to achieve."
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> * * *
>
> As recently announced, for the fourth quarter of 2014, the Company expects net sales to be in the range of $132 million to $137 million. Adjusted EBITDA for the fourth quarter of 2014 is expected to be in the range of $18 million to $20 million. Non-GAAP diluted earnings per share for the fourth quarter of 2014 is expected to be in the range of $0.04 to $0.06.

58. After releasing its third quarter 2013 results on November 6, 2014, the Company hosted a conference call for analysts, media representatives and investors. Defendants further revealed that the Company suffered from service issues in the Company's Natural segment, with Defendant Hughes stating, in part:

> *The headwinds we faced in the third quarter include challenges in the spreads category, and service issues in our natural segment. This negatively impacted our sales and even more so our profitability, given the mix shift towards our faster growing, but lower margin natural segment, and the categories within it. As a result, we will not meet our goal of 41% gross profit for the fiscal year end.*

> As you know, we made a number of acquisitions over the past few years, which resulted in sales diversification and a stronger portfolio of brands. While positive strategic or long-term moves, *these acquisitions have put a short-term strain on our operations*. We are intently focused on integrating these businesses and instilling disciplined processes across our operations, so we can continue to pursue our growth strategy that will likely include future acquisitions.
>
> * * *
>
> Now let me discuss the challenges we're experiencing. While net sales increase[d] 13%, organic net sales increased 8.4% in the quarter. *Sales growth moderated due to accelerated declines of Smart Balance, as well as an impact from service issues in our natural segment*.
>
> * * *
>
> Regarding the *service issues* in our natural segment, Jim will provide more detail later, but let me provide you with a brief overview. Throughout 2014, we experienced rapid growth in EVOL and Udi's. Consumption on these two brands combined was up 43% in the third quarter, which has increased the complexity of our business. Distribution gains on Udi's and EVOL have been very strong and extremely uneven. These distribution gains are often large and are timed with retailers' resets, which can put added strain on our logistics network from time to time.
>
> *In order to improve everyone's service levels with our customers, we made the decision to realign our inventory management product practices with respect to our largest customer,* in order to be more consistent with the rest of our customer base. This initiative will be complete by the end of the fourth quarter.
>
> In the fourth quarter, we estimate the *normalization of inventories will reduce top line sales by approximately $8 million*. This translates to approximately 6 percentage points of growth in the fourth quarter. *Looking at margins, three key issues continue to impact our margins, the mix shift to natural brands, the mix shift to brands and products within the natural segment, and higher egg white costs*.

59. Further discussing the extent of the Company's service issues, Defendant Leighton stated, in part:

> From an execution and logistical standpoint, we missed the mark this quarter. Going into the second quarter, consumption and shipments were in line. In the third quarter, we experienced major distribution gains with Udi's and EVOL.

> By the end of the third quarter, inventory patterns stepped up with our largest customer. This prevented shipments from getting out of the door uniformly. In addition, EVOL and Udi's utilize the same frozen third-party distribution center, which has served the two companies well as standalone entities. *But as a combined company with significantly more volume and distribution complexities, we simply exceeded [the] DC's capacity and capabilities to properly service our customers in Q3*. As a result, *we did not fill all open orders with our largest customer and shorted other key customers resulting in lower sales and poor service levels*.
>
> To remedy this, we expect to rebalance our inventory weeks on hand with our largest customer, and are implementing a new internal supply and demand process, that will more evenly spread distribution throughout the weeks, months and quarters so we don't see this disruption again. We are also undertaking an intensive review of how we manage our logistic and distribution systems, and are working with our Denver third-party distribution center to improve performance.

60. During the call, an analyst from Canaccord Genuity questioned how the Company failed to meet open orders from its largest customer in the quarter, yet was reducing inventory at its largest customer. In response, Leighton stated, in part:

> Yes, the big picture, if you look back over the last few quarters, our shipments and consumption have been fairly in line with each other. But we are experiencing significant distribution gains and have been shipping a lot of new products, particularly in frozen in Udi's. And *UNFI has been holding levels of inventory beyond where our consumption has been*. So generally sales and consumption are tracking somewhat in line. But we did see a gap widen, and made it conscious of a decision to lower our inventories.
>
> And this is really an extension of getting our supply chain in order. And specifically, the facility that I referenced in the earlier comments is a legacy facility that both EVOL and Udi's used. *To put in perspective, this facility doesn't have even have [sic] a warehouse management system*. So these are the things we're upgrading across the entire system. And in the third quarter, *we just simply did not have the capacity and capability to get enough orders out of that facility, which impacted all of our customers, including UNFI*.

61. The true facts, which were known by Defendants but concealed from the investing public during the Class Period, were as follows:

(a) The Company was experiencing significant acquisition integration issues with its EVOL and Udi's brands;

(b) Increased execution complexity caused by the expansion of brands and product portfolio, as well as ownership of additional physical manufacturing assets, created significant inventory and supply chain problems within the Company;

(c) The market for the Company's Smart Balance products in its Balance segment was decelerating significantly, creating margin pressures;

(d) The Company was experiencing service issues and inventory control problems with its largest customer and other customers; and

(e) As a result of the foregoing, Defendants' statements regarding the Company's financial performance, margins and margin improvement projects, and expected earnings were false and misleading and lacked a reasonable basis when made.

62. As a result of Defendants' false statements and omissions, Boulder common stock traded at artificially inflated prices during the Class Period. After the above revelations were revealed to the market, however, the price of Company stock declined significantly as the artificial inflation was removed.

ADDITIONAL SCIENTER ALLEGATIONS

63. As alleged herein, Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Boulder, their control over and/or receipt and/or modification of allegedly materially misleading misstatements, and/or their associations with the Company, which made them privy to confidential proprietary information concerning Boulder, participated in the fraudulent scheme alleged herein.

LOSS CAUSATION/ECONOMIC LOSS

64. During the Class Period, as detailed herein, Defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Boulder common stock and operated as a fraud or deceit on Class Period purchasers of Boulder common stock by failing to disclose and misrepresenting the adverse facts detailed herein. When Defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent to the market through a partial disclosure, the price of Boulder common stock fell precipitously as the prior artificial inflation came out. As a result of their purchases of Boulder common stock during the Class Period, Plaintiff and the other Class members suffered economic loss, *i.e.*, damages, under the federal securities laws when the truth about Boulder was revealed on October 22, 2014 through a disclosure that removed the artificial inflation from the price of Boulder common stock.

65. By failing to disclose to investors the adverse facts detailed herein, Defendants presented a misleading picture of Boulder's business and prospects. Defendants' false and misleading statements had the intended effect and caused Boulder common stock to trade at artificially inflated levels throughout the Class Period, reaching as high as $17.94 per share on April 2, 2014.

66. As a direct result of the disclosure identified herein, the price of Boulder common stock fell precipitously. This removed the artificial inflation from the price of Boulder common stock, causing real economic loss to investors who had purchased Boulder common stock at artificially inflated prices during the Class Period.

67. The decline was a direct result of the nature and extent of Defendants' fraud being revealed to investors and the market. The timing and magnitude of the price decline in Boulder common stock negate any inference that the loss suffered by Plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors, or Company-specific facts unrelated to Defendants' fraudulent conduct. The economic loss, *i.e.*, damages, suffered by Plaintiff and the other Class members was a direct result of Defendants' fraudulent scheme to artificially inflate the price of Boulder common stock and the subsequent significant decline in the value of Boulder common stock when Defendants' prior misrepresentations and other fraudulent conduct were revealed.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD ON THE MARKET DOCTRINE**

68. At all relevant times, the market for Boulder common stock was an efficient market for the following reasons, among others:

(a) Boulder common stock met the requirements for listing and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, Boulder filed periodic public reports with the SEC;

(c) Boulder regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Boulder was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

69. As a result of the foregoing, the market for Boulder common stock promptly digested current information regarding Boulder from all publicly available sources and reflected such information in the price of the stock. Under these circumstances, all purchasers of Boulder common stock during the Class Period suffered similar injury through their purchase of Boulder common stock at artificially inflated price and a presumption of reliance applies.

NO SAFE HARBOR

70. The "Safe Harbor" warnings accompanying Boulder's reportedly forward-looking statements ("FLS") issued during the Class Period were ineffective to shield those statements from liability. To the extent that projected revenues and earnings were included in the Company's financial reports prepared in accordance with GAAP, including those filed with the SEC on Form 8-K, they are excluded from the protection of the statutory Safe Harbor. *See* 15 U.S.C. §78u-5(b)(2)(A).

71. Defendants are also liable for any false and misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of Boulder who knew that the FLS was false. In addition, the FLS were contradicted by existing, undisclosed material facts that were required to be

disclosed so that the FLS would not be misleading. Finally, most of the purported "Safe Harbor" warnings were themselves misleading because they warned of "risks" that had already materialized or failed to provide meaningful disclosures of the relevant risks.

COUNT I

FOR VIOLATIONS OF SECTION 10(b) OF THE 1934 ACT AND RULE 10b-5 AGAINST ALL DEFENDANTS

72. Plaintiff incorporates ¶¶1-71 by reference.

73. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

74. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

(a) employed devices, schemes, and artifices to defraud;

(b) made untrue statements of material facts or 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; or

(c) engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiff and others similarly situated in connection with their purchases of Boulder common stock during the Class Period.

75. In addition to the duties of full disclosure imposed on Defendants as a result of their affirmative false and misleading statements to the public, Defendants had a duty to promptly disseminate truthful information with respect to Boulder's operations and performance that would be material to investors in compliance with the integrated disclosure provisions of the SEC, including

with respect to the Company's revenue and earnings trends, so that the market price of the Company's stock would be based on truthful, complete, and accurate information. SEC Regulations S-X (17 C.F.R. §210.01, *et seq.*) and S-K (17 C.F.R. §229.10, *et seq.*).

76. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the Class have suffered damages in connection with their respective purchases and sales of Boulder common stock during the Class Period, because, in reliance on the integrity of the market, they paid artificially inflated prices for Boulder common stock and experienced loses when the artificial inflation was released from Boulder common stock as a result of the partial revelations and stock price decline detailed herein. Plaintiff and the Class would not have purchased Boulder common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

77. By virtue of the foregoing, Boulder and the Individual Defendants have each violated §10b of the 1934 Act, and Rule 10b-5 promulgated thereunder.

COUNT II

FOR VIOLATIONS OF SECTION 20(a) OF THE 1934 ACT AGAINST ALL DEFENDANTS

78. Plaintiff incorporates ¶¶1-71 by reference.

79. The Individual Defendants acted as controlling persons of Boulder within the meaning of §20(a) of the 1934 Act. By reason of their controlling positions with the Company, and their ownership of Boulder common stock, the Individual Defendants had the power and authority to cause Boulder to engage in the wrongful conduct complained of herein. Boulder controlled the Individual Defendants and all of its employees. By reason of such conduct, the Individual Defendants are liable pursuant to §20(a) of the 1934 Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Declaring that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of Plaintiff and the 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 Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Awarding such equitable, injunctive, or other relief as deemed appropriate by the Court.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: April 1, 2015