

**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

████████████████████ Individually  
and on Behalf of All Others Similarly  
Situating,

Plaintiff,

v.

ENDURANCE INTERNATIONAL  
GROUP HOLDINGS, INC., HARI  
RAVICHANDRAN, and TIVANKA  
ELLAWALA,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff [REDACTED] (“Plaintiff”), by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Endurance International Group Holdings, Inc. (“Endurance” or the “Company”), with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Endurance; and (c) review of other publicly available information concerning Endurance.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of purchasers of Endurance securities between November 4, 2014 and April 27, 2015, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Endurance provides cloud-based platform solutions for small and medium-sized businesses (“SMBs”). According to the Company, it has approximately 4.1 million subscribers globally with over 150 products and services including domains, website builders, web hosting, email, security, storage, site backup, search engine optimization, search engine marketing, social media services, website analytics, mobile device tools and productivity and e-commerce solutions.

3. On April 28, 2015, research firm Gotham City Research LLC published a report alleging, among other things, that 40% to 100% of Endurance’s reported profits were suspect and the Company’s normalized profits would be insufficient to cover its interest expenses. The report alleged that the Company uses related parties to inflate earnings, and that transactions with

related entities have accounted for at least 16.5% of the Company's 2012-2014 Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The report also alleged that the Company's reported organic growth was overstated and that 2014 Average Revenue per Subscriber ("ARPS") had actually declined 13% when the Company's 10-K claimed that ARPS had grown 11%. Additionally, the report alleged various accounting irregularities relating to the Company's international business, including that 30-67% of revenues reported for Directi (a domain name registrar in India that the Company acquired in early 2014) in its filings in India could not be reconciled with Endurance's 10-K.

4. On this news, shares of Endurance declined \$2.24 per share, over 10%, to close on April 28, 2015, at \$19.70 per share, on unusually heavy volume.

5. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose: (1) that the Company overstated its ARPS and organic growth rate; (2) that the Company engaged in irregular accounting practices related to its international business; and (3) that, as a result of the foregoing, Defendants' statements about Endurance's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

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

#### **JURISDICTION AND VENUE**

7. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17

C.F.R. § 240.10b-5).

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act (15 U.S.C. §78aa).

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the preparation and dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. Additionally, Endurance's principal executive offices are located within this Judicial District.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

11. Plaintiff [REDACTED] as set forth in the accompanying certification, incorporated by reference herein, purchased Endurance common stock during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Defendant Endurance is a Delaware corporation with its principal executive offices located at 10 Corporate Drive, Suite 300, Burlington, Massachusetts 01803.

13. Defendant Hari Ravichandran ("Ravichandran") was, at all relevant times, Chief Executive Officer ("CEO") and a director of Endurance.

14. Defendant Tivanka Ellawala (“Ellawala”) was, at all relevant times, Chief Financial Officer (“CFO”) of Endurance.

15. Defendants Ravichandran and Ellawala are collectively referred to hereinafter as the “Individual Defendants.” The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Endurance’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. Each defendant was 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 and access to material non-public information available to them, each of these 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 which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

16. Endurance provides cloud-based platform solutions for SMBs worldwide. According to the Company, it has approximately 4.1 million subscribers with over 150 products and services including domains, website builders, web hosting, email, security, storage, site backup, search engine optimization, search engine marketing, social media services, website analytics, mobile device tools and productivity and e-commerce solutions.

**Materially False and Misleading  
Statements Issued During the Class Period**

17. The Class Period begins on November 4, 2014. On this day, Endurance issued a press release entitled, “Endurance International Group Reports 2014 Third Quarter Results.”

Therein, the Company, in relevant part, stated:

Endurance International Group Holdings, Inc. (Nasdaq:EIGI), a leading provider of cloud-based platform solutions designed to help small and medium-sized businesses succeed online, today reported financial results for its third quarter ended September 30, 2014.

“We are pleased to report a quarter that exceeded expectations for revenue, adjusted EBITDA and unlevered free cash flow,” commented Hari Ravichandran, chief executive officer and founder of Endurance International Group. “During the quarter our paying subscribers increased by 94,000, or 12 percent over the third quarter of 2013, to more than 3.8 million total paying subscribers, and our average revenue per subscriber increased by 10 percent over the third quarter of 2013 to \$14.49. We believe our results are a reflection of the effectiveness of our marketing and distribution platforms, which we expect will continue to propel our growth drivers and provide a solid basis for a sustainable, strong top line which will in turn drive healthy cash flows for the future.”

**Third Quarter Financial Highlights**

<i>(in millions)</i>	<i>Q3 2014 Actuals</i>	<i>Year over year growth</i>
Adjusted Revenue	\$164.9	23%
Adjusted EBITDA	\$58.0	16%
UFCF	\$50.1	17%

- GAAP revenue was \$160.2 million, an increase of approximately 21 percent compared to \$132.9 million in the third quarter of 2013.
- Net loss attributable to Endurance International Group Holdings, Inc. was \$7.9 million, or \$(0.06) per diluted share, compared to a net loss of \$27.0 million, or \$(0.28) per diluted share, for the third quarter of 2013.
- Adjusted revenue was \$164.9 million, an increase of approximately 23 percent compared to \$134.2 million in the third quarter of 2013.
- Adjusted revenue, excluding the impact of Directi, which contributed \$13.0 million to adjusted revenue for the quarter, was \$152.0 million, an increase of over 13 percent over the third quarter of 2013.
- Adjusted EBITDA was \$58.0 million, an increase of over 16 percent compared to \$49.9 million in the third quarter of 2013.

- Unlevered free cash flow (UFCF) was \$50.1 million, an increase of approximately 17 percent compared to \$43.0 million in the same period a year ago.
- Free cash flow (FCF) was \$35.8 million, an increase of over 72 percent compared to \$20.8 million in the third quarter of 2013.

### **Third Quarter Operating Highlights**

- Total paying subscribers increased by 94,000 in Q3 2014. Excluding the impact of Directi, total paying subscribers increased by 93,000.
- Total paying subscribers were approximately 3.841 million at the end of Q3 2014, an increase of 12 percent compared to approximately 3.440 million at the end of Q3 2013.
- Average revenue per subscriber (ARPS) was \$14.49, an increase of 10 percent compared to \$13.14 for Q3 2013. Excluding the impact of Directi, ARPS was \$13.54, an increase of 3 percent compared to \$13.14 for Q3 2013 and an increase of \$0.19 over Q2 2014.
- During the quarter, the company acquired Webzai, Ltd. and the assets of BuyDomains. In addition, on October 31, 2014, the company acquired the assets of Arvix, LLC. The total consideration for these acquisitions is expected to be approximately \$77 million.

### **Fiscal Year 2014 Guidance**

The company is providing the following guidance:

Full year 2014 ending December 31, 2014

<i>(in millions)</i>	<i>Prior Guidance (at August 7, 2014)</i>	<i>New Guidance (at November 4, 2014)</i>
Adjusted Revenue	\$639 – \$643	\$648 – \$650
<i>Year over year growth</i>	<i>21% - 22%</i>	<i>23%</i>
Adjusted EBITDA	\$230 – \$235	\$230 – \$235
<i>Year over year growth</i>	<i>11% - 13%</i>	<i>11% - 13%</i>
UFCF	\$180 – \$190	\$180 – \$190
<i>Year over year growth</i>	<i>8% to 14%</i>	<i>8% to 14%</i>

18. On November 7, 2014, Endurance filed its Quarterly Report with the SEC on Form 10-Q for the 2014 fiscal third quarter. The Company's Form 10-Q was signed by Defendant Ellawala, and reaffirmed the Company's statements previously announced on November 4, 2014.

19. On February 23, 2015, Endurance issued a press release entitled, “Endurance International Group Reports 2014 Fourth Quarter and Full Year Results.” Therein, the Company, in relevant part, stated:

Endurance International Group Holdings, Inc. (Nasdaq:EIGI), a leading provider of cloud-based platform solutions designed to help small and medium-sized businesses succeed online, today reported financial results for its fourth quarter and fiscal year ended December 31, 2014.

“We are excited to have finished our fiscal 2014 with results that exceeded expectations. Our results reinforce our confidence in our two-pronged strategy to increase our subscriber base and grow average revenue per subscriber, which positions us well to capture more of what we believe is a large opportunity,” commented Hari Ravichandran, chief executive officer and founder of Endurance International Group. “We ended the fiscal year with a milestone 4.1 million subscribers, an increase of 17 percent over the end of 2013, and continued to see an increase in average revenue per subscriber, to \$14.48, or 11 percent growth over last fiscal year.”

Below is a summary of our fiscal 2014 results and guidance for fiscal 2015.

#### **Full Year & Fourth Quarter Financial Highlights**

<i>(in millions)</i>	<i>Q4 2014 Actuals</i>	<i>Year over year Fiscal Year 2014</i>		<i>Fiscal Year 2014</i>	
		<i>growth</i>	<i>Guidance</i>	<i>2014 Actuals</i>	<i>Year over year growth</i>
Adjusted Revenue	\$175.2	28%	\$648 - \$650	\$651.9	23%
Adjusted EBITDA	\$62.0	34%	\$230 - \$235	\$235.6	13%
UFCF	\$50.7	35%	\$180 - \$190	\$193.4	16%

- For the fiscal year 2014, GAAP revenue was \$629.8 million, an increase of 21 percent compared to \$520.3 million in fiscal 2013. GAAP revenue for the fourth quarter was \$171.9 million, an increase of 26 percent compared to \$136.4 million in the fourth quarter of 2013.
- For the fiscal year 2014, net loss attributable to Endurance International Group Holdings, Inc. was \$42.8 million, or \$(0.34) per diluted share compared to a net loss of \$159.2 million, or \$(1.55) per diluted share, for fiscal 2013. Net loss attributable to Endurance International Group Holdings, Inc. for the fourth quarter was \$2.2 million, or \$(0.02) per diluted share, compared to a net loss of \$67.5 million, or \$(0.57) per diluted share, for the fourth quarter of 2013.



- Adjusted revenue for the fiscal year 2014 was \$651.9 million, an increase of 23 percent compared to \$528.1 million in fiscal year 2013. Adjusted revenue for the fourth quarter was \$175.2 million, an increase of 28 percent compared to \$136.9 million in the fourth quarter of 2013.
- Adjusted revenue for the fiscal year 2014 excluding the impact of Directi, which contributed \$48.5 million of adjusted revenue for the fiscal year, was \$603.4 million, an increase of 14 percent over fiscal year 2013. Adjusted revenue excluding the impact of Directi, which contributed \$13.2 million of adjusted revenue for the quarter, was \$162.0 million, an increase of 18 percent over the fourth quarter of 2013.
- Adjusted EBITDA for the fiscal year 2014 was \$235.6 million, an increase of 13 percent compared to \$207.9 million in fiscal 2013. Adjusted EBITDA for the fourth quarter was \$62.0 million, an increase of 34 percent compared to \$46.2 million in the fourth quarter of 2013.
- Unlevered free cash flow (“UFCF”) for the fiscal year 2014 was \$193.4 million, an increase of 16 percent compared to \$166.5 million in fiscal 2013. UFCF for the fourth quarter was \$50.7 million, an increase of 35 percent compared to \$37.5 million in the same period a year ago.
- Free cash flow (“FCF”) for the fiscal year was \$136.6 million, an increase of 64 percent compared to \$83.4 million in fiscal 2013. FCF for the fourth quarter was \$35.8 million, an increase of 90 percent compared to \$18.9 million in the fourth quarter of 2013.

#### **Full Year & Fourth Quarter Operating Highlights**

- Total subscribers increased by over 380,000 in fiscal 2014. Excluding the impact of Directi, total subscribers increased by 374,000 in fiscal 2014. Total subscribers increased by 91,000 for the fourth quarter. Excluding the impact of Directi, total subscribers increased by 88,000 in the fourth quarter.
- Total subscribers were 4.087 million at the end of the fiscal year 2014, an increase of 17 percent compared to 3.502 million at the end of fiscal year 2013. The subscriber base increase consisted of the over 380,000 subscriber net adds, which were added through normal business operations, and approximately 200,000 subscribers on-boarded via acquisitions.
- For the year, average revenue per subscriber (“ARPS”) was \$14.48, an increase of 11 percent compared to \$13.09 in fiscal 2013. Excluding the impact of Directi, ARPS was \$13.58, an increase of 4 percent compared to \$13.09 in fiscal 2013. ARPS was \$14.78 for the fourth quarter, an increase of 12 percent compared to \$13.15 for fourth quarter 2013. Excluding the impact of Directi, ARPS was \$13.86, an increase of 5 percent compared to \$13.15 for fourth quarter 2013.
- On December 31, 2014, the company made an equity investment of \$15.2 million, representing an ownership position of 40 percent in AppMachine BV, a Dutch developer of mobile applications.

**Fiscal Year 2015 and First Quarter 2015 Guidance (at February 23, 2015)**

The company is providing the following guidance:

For the full year 2015 ending December 31, 2015, the company expects:

<i>(in millions)</i>	<i>Fiscal Year 2015</i>
Adjusted Revenue	\$745 - \$755 million
<i>Year over year growth</i>	<i>14% - 16%</i>
Adjusted EBITDA	\$275 - \$285
<i>Year over year growth</i>	<i>17% - 21%</i>
UFCF	\$220 - \$230
<i>Year over year growth</i>	<i>14% - 19%</i>

For the first quarter ending March 31, 2015, the company expects:

<i>(in millions)</i>	<i>Q1 FY2015</i>
Adjusted Revenue	\$175 - \$178 million
<i>Year over year growth</i>	<i>15% - 17%</i>
Adjusted EBITDA	\$65 - \$66
<i>Year over year growth</i>	<i>10% - 12%</i>

The company's first quarter 2015 guidance for adjusted EBITDA growth reflects the seasonally strong investment in marketing relative to subsequent quarters of the fiscal year. Additionally, the company will be providing UFCF guidance on an annual basis only.

20. On February 27, 2015, Endurance filed its Annual Report with the SEC on Form 10-K for the 2014 fiscal year. The Company's Form 10-K was signed by Defendants Ravichandran and Ellawala, and reaffirmed the Company's statements previously announced on February 23, 2014.

21. The statements contained in ¶¶17-20 were materially false and/or misleading when made because defendants failed to disclose or indicate the following: (1) that the Company overstated its ARPS and organic growth rate; (2) that the Company engaged in irregular accounting practices related to its international business; and (3) that, as a result of the foregoing,

Defendants' statements about Endurance's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

### **Disclosures at the End of the Class Period**

22. On April 28, 2015, research firm Gotham City Research LLC published a report entitled, "Endurance International Group: a Web of Deceit." Therein, the report, in relevant summary, stated:

#### **GOTHAM CITY RESEARCH'S OPINIONS**

- EIGI shares will go to \$0.00 per share, as the company will struggle to service its debt. Normalized EBITDA margins do not cover interest expense.
- Recent years' reported EBITDA benefited from attracting Blinkx-like revenue (spam/malware, terrorism, etc.).
- EIG profits at the expense of its customers (service outages, poor customer service, etc.).

#### **SUMMARY OF FINDINGS**

- 40%-100%+ of EIGI's reported profits are suspect.
- 2014 Average Revenue per Subscriber (ARPS) actually declined -13%. EIGI's 10K claims ARPS grew +11%.
- Organic growth overstated ~3x. We calculate organic growth to be ~5.6%, not 13.0%-15.0% as EIG claims.
- Directi's revenues per the Indian filings are 30%-67% lower than reported in EIGI's 10K.
- Directi revenue figures within the EIGI 10K do not add up.
- EIGI paid 17% of its '12-'14 EBITDA to a related party tied to the CEO. The related party seems to be Endurance.
- No international revenue disclosures, despite promoting itself as an 'international growth' concern.
- An undisclosed subsidiary falsely claimed to the US Government that the FBI "recommended" them.
- EIGI's BlueHost, JustHost, HostGator and HostMonster hosted terrorist websites as recently as few weeks ago.
- EIGI domains hosted 1,000s of spam/malware-related sites per spam/malware watchdogs (the hosting world's Blinkx).
- EIGI spends ~1/6th on core infrastructure vs Godaddy.
- Customer reviews are consistently poor.

- A 15+ year industry executive states EIGI uses a churn model/definition that is “not industry common practice, while using industry terminology.”
- EIGI is free cash flow negative. Godaddy is FCF positive.
- The management team (including the CEO) recently sold ~30% of their stake in EIGI.

\* \* \*

Gotham City Research believes 40%-100%+ of reported profits are suspect, and that normalized profits do not cover interest expense for the following reasons:

- Related party transactions account for 17% of EBITDA, and resemble transactions with it-self.
- ARPU declined-13% yet EIGI’s 10K claims ARPU grew +11%.
- Accounting irregularities found with its International business.
- A significant undisclosed subsidiary lied to the US government about its credentials.
- The company hosts terrorist-related websites, and a high % of malware/spam-related accounts.
- Churn is high as a result of service outages, poor customer support, and slow loading speeds. EIGI claims otherwise, yet EIGI has under-invested in its business, spending 80% less on infrastructure vs. Godaddy.

23. On April 28, 2015, Endurance issued a press release entitled, “Statement From Endurance International Group.” Therein, the Company, in relevant part, stated:

Endurance International Group (NASDAQ: EIGI) today released the following statement in response to a report released by Gotham City Research:

“The claims in this ‘report’ are baseless and not rooted in reality. The reality is, since going public, Endurance has beat expectations every quarter, showing consistent growth throughout the company. Endurance senior executives still own a significant stake in the company and are deeply invested in its future success. To suggest otherwise, is ridiculous.

“Endurance is transparent in how it calculates all of its metrics including its average revenue per subscriber, subscriber counts, organic growth and monthly revenue retention. The company has always been clear in its financial disclosures and reports on its financial health and growth. KPMG serves as Endurance’s internal auditor including auditing Sarbanes-Oxley controls. BDO serves as the company’s external auditor.

“As previously disclosed, the company’s free cash flow for operations in 2014 was \$143 million. Additionally, Warburg Pincus and Goldman Sachs own more

than 40 percent of the company. Endurance has never interacted with Gotham City Research or the unnamed analyst who authored this report.”

24. On this news, shares of Endurance declined \$2.24 per share, over 10%, to close on April 28, 2015, at \$19.70 per share, on unusually heavy volume.

### **CLASS ACTION ALLEGATIONS**

25. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all those who purchased Endurance’s securities between November 4, 2014 and April 27, 2015, inclusive (the “Class Period”) and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, 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.

26. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Endurance’s securities were actively traded on the Nasdaq Stock Market (the “NASDAQ”). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Millions of Endurance shares were traded publicly during the Class Period on the NASDAQ. As of February 20, 2015, Endurance had 132,358,092 shares of common stock outstanding. Record owners and other members of the Class may be identified from records maintained by Endurance or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

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

28. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

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

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Endurance; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

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

**UNDISCLOSED ADVERSE FACTS**

31. The market for Endurance's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Endurance's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Endurance's securities relying upon the integrity of the market price of the Company's securities and market information relating to Endurance, and have been damaged thereby.

32. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Endurance's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. Said statements and omissions were materially false and/or misleading in that they failed to disclose material adverse information and/or misrepresented the truth about Endurance's business, operations, and prospects as alleged herein.

33. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Endurance's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period

resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

#### **LOSS CAUSATION**

34. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

35. During the Class Period, Plaintiff and the Class purchased Endurance's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

#### **SCIENTER ALLEGATIONS**

36. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or 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 Endurance, his/her control over, and/or receipt and/or modification of Endurance's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Endurance, participated in the fraudulent scheme alleged herein.



**APPLICABILITY OF PRESUMPTION OF RELIANCE  
(FRAUD-ON-THE-MARKET DOCTRINE)**

37. The market for Endurance's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Endurance's securities traded at artificially inflated prices during the Class Period. On April 23, 2015, the Company's stock closed at a Class Period high of \$23.03 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Endurance's securities and market information relating to Endurance, and have been damaged thereby.

38. During the Class Period, the artificial inflation of Endurance's stock was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Endurance's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Endurance and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

39. At all relevant times, the market for Endurance's securities was an efficient market for the following reasons, among others:

(a) Endurance 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, Endurance filed periodic public reports with the SEC and/or the NASDAQ;

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

(d) Endurance was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports 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.

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

**NO SAFE HARBOR**

41. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that

could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Endurance who knew that the statement was false when made.

**FIRST CLAIM**  
**Violation of Section 10(b) of**  
**The Exchange Act and Rule 10b-5**  
**Promulgated Thereunder Against All Defendants**

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

43. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Endurance's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

44. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Endurance's securities in violation of Section 10(b) of

the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

45. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Endurance's financial well-being and prospects, as specified herein.

46. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Endurance's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Endurance and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

47. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and

familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

48. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Endurance's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

49. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Endurance's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public

statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Endurance's securities during the Class Period at artificially high prices and were damaged thereby.

50. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Endurance was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Endurance securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

51. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

52. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

**SECOND CLAIM**  
**Violation of Section 20(a) of**  
**The Exchange Act Against the Individual Defendants**

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

54. The Individual Defendants acted as controlling persons of Endurance within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had

the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

55. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

56. As set forth above, Endurance and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(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) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

DATED: May 4, 2015