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9 **UNITED STATES DISTRICT COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA**

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

13 Plaintiff,

14 v.

15 MITSUBISHI UFJ FINANCIAL  
16 GROUP, INC., NOBOYUKI HIRANO  
17 and MUNEAKI TOKUNARI,

18 Defendants.

Case No.

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

**JURY TRIAL DEMANDED**

19  
20 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons  
21 similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint  
22 against Defendants (defined below), alleges the following based upon personal  
23 knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to  
24 all other matters, based upon, *inter alia*, the investigation conducted by and through  
25 Plaintiff’s attorneys, which included, among other things, a review of the defendants’  
26 public documents, conference calls and announcements made by defendants, United  
27 States Securities and Exchange Commission (“SEC”) filings, wire and press releases  
28

1 published by and regarding Mitsubishi UFJ Financial Group, Inc. (“Mitsubishi UFJ”  
2 or the “Company”), analysts’ reports and advisories about the Company, and  
3 information readily obtainable on the Internet. Plaintiff believes that substantial  
4 evidentiary support will exist for the allegations set forth herein after a reasonable  
5 opportunity for discovery.

#### 6 **NATURE OF THE ACTION**

7 1. This is a federal securities class action on behalf of a class consisting of  
8 all persons and entities other than Defendants who purchased or otherwise acquired  
9 the publicly traded securities of Mitsubishi UFJ from July 14, 2017 through  
10 November 14, 2017, both dates inclusive (the “Class Period”). Plaintiff seeks to  
11 recover compensable damages caused by Defendants’ violations of the federal  
12 securities laws and to pursue remedies under Sections 10(b) and 20(a) of the  
13 Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated  
14 thereunder.

#### 15 **JURISDICTION AND VENUE**

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

19 3. This Court has jurisdiction over the subject matter of this action under  
20 28 U.S.C. §1331 and §27 of the Exchange Act.

21 4. Venue is proper in this judicial district pursuant to §27 of the Exchange  
22 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the Company conducts business in  
23 this judicial district.

24 5. In connection with the acts, conduct and other wrongs alleged in this  
25 Complaint, Defendants, directly or indirectly, used the means and instrumentalities of  
26 interstate commerce, including but not limited to, the United States mail, interstate  
27 telephone communications and the facilities of the national securities exchange.  
28

1 **PARTIES**

2 6. Plaintiff, as set forth in the accompanying Certification, purchased  
3 Mitsubishi UFJ securities at artificially inflated prices during the Class Period and  
4 was damaged upon the revelation of the alleged corrective disclosure.

5 7. Defendant Mitsubishi UFJ is a bank holding company providing  
6 financial services in Japan and internationally. The Company is incorporated in Japan  
7 and headquartered at 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8330,  
8 Japan. The Company's commercial banking subsidiary, The Bank of Tokyo-  
9 Mitsubishi UFJ, Ltd. ("BTMU"), operates a branch in Los Angeles, California. The  
10 Company's securities are traded on the New York Stock Exchange ("NYSE") under  
11 the ticker symbol "MTU."

12 8. Defendant Noboyuki Hirano ("Hirano") has been the Company's  
13 President and Group Chief Executive Officer ("CEO") throughout the Class Period.

14 9. Defendant Muneaki Tokunari ("Tokunari") has been the Company's  
15 Group Chief Financial Officer ("CFO") and a Director throughout the Class Period.

16 10. Defendants Hirano and Tokunari are sometimes referred to herein as the  
17 "Individual Defendants."

18 11. Each of the Individual Defendants:

- 19 (a) directly participated in the management of the Company;  
20 (b) was directly involved in the day-to-day operations of the Company at the  
21 highest levels;  
22 (c) was privy to confidential proprietary information concerning the  
23 Company and its business and operations;  
24 (d) was directly or indirectly involved in drafting, producing, reviewing  
25 and/or disseminating the false and misleading statements and  
26 information alleged herein;  
27 (e) was directly or indirectly involved in the oversight or implementation of  
28 the Company's internal controls;

1 (f) was aware of or recklessly disregarded the fact that the false and  
2 misleading statements were being issued concerning the Company;  
3 and/or

4 (g) approved or ratified these statements in violation of the federal securities  
5 laws.

6 12. The Company is liable for the acts of the Individual Defendants and its  
7 employees under the doctrine of *respondeat superior* and common law principles of  
8 agency because all of the wrongful acts complained of herein were carried out within  
9 the scope of their employment.

10 13. The scienter of the Individual Defendants and other employees and  
11 agents of the Company is similarly imputed to the Company under *respondeat*  
12 *superior* and agency principles.

13 14. The Company and the Individual Defendants are referred to herein,  
14 collectively, as the “Defendants.”

## 15 SUBSTANTIVE ALLEGATIONS

### 16 **Materially False and Misleading Statements**

17 15. On July 14, 2017, the Company filed a Form 20-F for the fiscal year  
18 ended March 31, 2017 (“2017 20-F”) with the SEC, which provided the Company’s  
19 annual financial results and position. The 2017 20-F was signed by Defendant  
20 Hirano. The 2017 20-F also contained signed certifications pursuant to the Sarbanes-  
21 Oxley Act of 2002 (“SOX”) by Defendants Hirano and Tokunari attesting to the  
22 accuracy of financial reporting, the disclosure of any material changes to the  
23 Company’s internal controls over financial reporting, and the disclosure of all fraud.

24 16. The 2017 20-F stated the following regarding the Company’s 2014  
25 consent decree with the State of New York:

26 *In November 2014, BTMU entered into a consent agreement with*  
27 *the New York State Department of Financial Services, or DFS, to*  
28 *resolve issues relating to instructions given to*

1 PricewaterhouseCoopers LLP, or PwC, and the disclosures made to  
2 DFS in connection with BTMU's 2007 and 2008 voluntary  
3 investigation of BTMU's U.S. dollar clearing activity toward  
4 countries under U.S. economic sanctions. BTMU had hired PwC to  
5 conduct a historical transaction review report in connection with that  
6 investigation, and voluntarily submitted the report to DFS's  
7 predecessor entity in 2008. Under the terms of the agreement with  
8 DFS, BTMU made a payment of \$315 million to DFS, and agreed to  
9 take actions on persons involved in the matter at that time, relocate its  
10 U.S. Bank Secrecy Act/Anti-Money Laundering, or BSA/AML, and  
11 Office of Foreign Assets Control, or OFAC, sanctions compliance  
12 programs to New York, and extend, if regarded as necessary by DFS,  
13 the period during which an independent consultant is responsible for  
14 assessing BTMU's internal controls regarding compliance with  
15 applicable laws and regulations related to U.S. economic sanctions. In  
16 June 2013, BTMU reached an agreement with DFS regarding  
17 inappropriate operational processing of U.S. dollar clearing  
18 transactions with countries subject to OFAC sanctions during the  
19 period of 2002 to 2007. Under the terms of the June 2013 agreement,  
20 BTMU made a payment of \$250 million to DFS and retained an  
21 independent consultant to conduct a compliance review of the relevant  
22 controls and related matters in BTMU's current operations. In  
23 December 2012, BTMU agreed to make a payment of approximately  
24 \$8.6 million to OFAC to settle potential civil liability for apparent  
25 violations of certain U.S. sanctions regulations from 2006 to 2007.  
26 ***BTMU is having continuing discussions on these and related issues  
27 with relevant regulators, including concerning extending the term of  
28 the independent consultant, and is undertaking necessary actions  
relating to these matters.***

(Emphasis added).

17. The statements referenced in ¶¶ 15 - 16 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operational and financial results, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that:

- (1) the Company's commercial banking subsidiary was taking actions inconsistent

1 with complying with the 2014 consent order; and (2) as a result, the Company’s  
2 public statements were materially false and misleading at all relevant times.

3 **The Truth Emerges**

4 18. On November 15, 2017, *The Wall Street Journal* reported that the Office  
5 of the Comptroller of the Currency (“OCC”) approved BTMU’s conversion from a  
6 state to a federal license on November 7, 2017.

7 19. *The Wall Street Journal* also reported that state regulators were  
8 preparing to tell OCC that an independent monitor reported BTMU was “taking  
9 actions that are inconsistent with complying” with the 2014 consent order, stating in  
10 relevant part:

11 **Switching U.S. Regulators Upends Probe Into Japan’s Biggest**  
12 **Bank**

13 Ryan Tracy  
14 (The Wall Street Journal) –

15 . . . .

16  
17 The Nov. 13 letter details what the state regulator was preparing to tell  
18 the OCC: An independent monitor had reported the bank was “taking  
19 actions that are inconsistent with complying” with a consent order it  
20 had agreed to in 2014 related to hiding illicit transactions involving  
21 Iran and other countries, including “the termination of a competent  
22 and cooperative Chief Compliance Officer” in March and a “lack of  
23 transparency” with the monitor about transaction data problems.

24 20. On this news, shares of the Company fell \$0.11 per share to close at  
25 \$6.53 per share on November 15, 2017, damaging investors.

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

**PLAINTIFF’S CLASS ACTION ALLEGATIONS**

1           22. Plaintiff brings this action as a class action pursuant to Federal Rule of  
2 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who  
3 purchased or otherwise acquired the publicly traded securities of Mitsubishi UFJ  
4 during the Class Period (the “Class”); and were damaged upon the revelation of the  
5 alleged corrective disclosure. Excluded from the Class are Defendants herein, the  
6 officers and directors of the Company, at all relevant times, members of their  
7 immediate families and their legal representatives, heirs, successors or assigns and  
8 any entity in which Defendants have or had a controlling interest.

9           23. The members of the Class are so numerous that joinder of all members is  
10 impracticable. Throughout the Class Period, the Company’s securities were actively  
11 traded on the NYSE. While the exact number of Class members is unknown to  
12 Plaintiff at this time and can be ascertained only through appropriate discovery,  
13 Plaintiff believes that there are hundreds or thousands of members in the proposed  
14 Class. Record owners and other members of the Class may be identified from records  
15 maintained by the Company or its transfer agent and may be notified of the pendency  
16 of this action by mail, using the form of notice similar to that customarily used in  
17 securities class actions.

18           24. Plaintiff’s claims are typical of the claims of the members of the Class as  
19 all members of the Class are similarly affected by Defendants’ wrongful conduct in  
20 violation of federal law that is complained of herein.

21           25. Plaintiff will fairly and adequately protect the interests of the members  
22 of the Class and has retained counsel competent and experienced in class and  
23 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those  
24 of the Class.

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

- 28           (a) whether Defendants’ acts as alleged violated the federal securities laws;

- 1 (b) whether Defendants' statements to the investing public during the Class  
2 Period misrepresented material facts about the financial condition,  
3 business, operations, and management of the Company;
- 4 (c) whether Defendants' statements to the investing public during the Class  
5 Period omitted material facts necessary to make the statements made, in  
6 light of the circumstances under which they were made, not misleading;
- 7 (d) whether the Individual Defendants caused the Company to issue false  
8 and misleading SEC filings and public statements during the Class  
9 Period;
- 10 (e) whether Defendants acted knowingly or recklessly in issuing false and  
11 misleading SEC filings and public statements during the Class Period;
- 12 (f) whether the prices of the Company's securities during the Class Period  
13 were artificially inflated because of the Defendants' conduct complained  
14 of herein; and
- 15 (g) whether the members of the Class have sustained damages and, if so,  
16 what is the proper measure of damages.

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

23 28. Plaintiff will rely, in part, upon the presumption of reliance established  
24 by the fraud-on-the-market doctrine in that:

- 25 (a) Defendants made public misrepresentations or failed to disclose material  
26 facts during the Class Period;
- 27 (b) the omissions and misrepresentations were material;
- 28 (c) the Company's securities are traded in efficient markets;

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

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

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

20 **COUNT I**

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

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

25 32. This Count is asserted against the Company and the Individual  
26 Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b),  
27 and Rule 10b-5 promulgated thereunder by the SEC.

28

1           33.     During the Class Period, the Company and the Individual Defendants,  
2 individually and in concert, directly or indirectly, disseminated or approved the false  
3 statements specified above, which they knew or deliberately disregarded were  
4 misleading in that they contained misrepresentations and failed to disclose material  
5 facts necessary in order to make the statements made, in light of the circumstances  
6 under which they were made, not misleading.

7           34.     The Company and the Individual Defendants violated §10(b) of the 1934  
8 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to defraud;  
9 made untrue statements of material facts or omitted to state material facts necessary  
10 in order to make the statements made, in light of the circumstances under which they  
11 were made, not misleading; and/or engaged in acts, practices and a course of business  
12 that operated as a fraud or deceit upon plaintiff and others similarly situated in  
13 connection with their purchases of the Company's securities during the Class Period.

14           35.     The Company and the Individual Defendants acted with scienter in that  
15 they knew that the public documents and statements issued or disseminated in the  
16 name of the Company were materially false and misleading; knew that such  
17 statements or documents would be issued or disseminated to the investing public; and  
18 knowingly and substantially participated, or acquiesced in the issuance or  
19 dissemination of such statements or documents as primary violations of the securities  
20 laws. These defendants by virtue of their receipt of information reflecting the true  
21 facts of the Company, their control over, and/or receipt and/or modification of the  
22 Company's allegedly materially misleading statements, and/or their associations with  
23 the Company which made them privy to confidential proprietary information  
24 concerning the Company, participated in the fraudulent scheme alleged herein.

25           36.     Individual Defendants, who are the senior officers and/or directors of  
26 the Company, had actual knowledge of the material omissions and/or the falsity of  
27 the material statements set forth above, and intended to deceive Plaintiff and the other  
28 members of the Class, or, in the alternative, acted with reckless disregard for the truth

1 when they failed to ascertain and disclose the true facts in the statements made by  
2 them or other personnel of the Company to members of the investing public,  
3 including Plaintiff and the Class.

4 37. As a result of the foregoing, the market price of the Company's  
5 securities was artificially inflated during the Class Period. In ignorance of the falsity  
6 of the Company's and the Individual Defendants' statements, Plaintiff and the other  
7 members of the Class relied on the statements described above and/or the integrity of  
8 the market price of the Company's securities during the Class Period in purchasing  
9 the Company's securities at prices that were artificially inflated as a result of the  
10 Company's and the Individual Defendants' false and misleading statements.

11 38. Had Plaintiff and the other members of the Class been aware that the  
12 market price of the Company's securities had been artificially and falsely inflated by  
13 the Company's and the Individual Defendants' misleading statements and by the  
14 material adverse information which the Company's and the Individual Defendants did  
15 not disclose, they would not have purchased the Company's securities at the  
16 artificially inflated prices that they did, or at all.

17 39. As a result of the wrongful conduct alleged herein, Plaintiff and other  
18 members of the Class have suffered damages in an amount to be established at trial.

19 40. By reason of the foregoing, the Company and the Individual Defendants  
20 have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder  
21 and are liable to the Plaintiff and the other members of the Class for substantial  
22 damages which they suffered in connection with their purchases of the Company's  
23 securities during the Class Period.

## 24 **COUNT II**

### 25 **Violation of Section 20(a) of The Exchange Act** 26 **Against The Individual Defendants**

27 41. Plaintiff repeats and realleges each and every allegation contained in the  
28 foregoing paragraphs as if fully set forth herein.

1           42. During the Class Period, the Individual Defendants participated in the  
2 operation and management of the Company, and conducted and participated, directly  
3 and indirectly, in the conduct of the Company’s business affairs. Because of their  
4 senior positions, they knew the adverse non-public information regarding the  
5 Company’s business practices.

6           43. As officers and/or directors of a publicly owned company, the Individual  
7 Defendants had a duty to disseminate accurate and truthful information with respect  
8 to the Company’s financial condition and results of operations, and to correct  
9 promptly any public statements issued by the Company which had become materially  
10 false or misleading.

11           44. Because of their positions of control and authority as senior officers, the  
12 Individual Defendants were able to, and did, control the contents of the various  
13 reports, press releases and public filings which the Company disseminated in the  
14 marketplace during the Class Period. Throughout the Class Period, the Individual  
15 Defendants exercised their power and authority to cause the Company to engage in  
16 the wrongful acts complained of herein. The Individual Defendants therefore, were  
17 “controlling persons” of the Company within the meaning of Section 20(a) of the  
18 Exchange Act. In this capacity, they participated in the unlawful conduct alleged  
19 which artificially inflated the market price of the Company’s securities.

20           45. Each of the Individual Defendants, therefore, acted as a controlling  
21 person of the Company. By reason of their senior management positions and/or being  
22 directors of the Company, each of the Individual Defendants had the power to direct  
23 the actions of, and exercised the same to cause, the Company to engage in the  
24 unlawful acts and conduct complained of herein. Each of the Individual Defendants  
25 exercised control over the general operations of the Company and possessed the  
26 power to control the specific activities which comprise the primary violations about  
27 which Plaintiff and the other members of the Class complain.

28

