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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

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

13 Plaintiff,

14 v.

15 CENTURLINK, INC., GLEN F.
16 POST, III, SUNIT S. PATEL, JEFF K.
17 STOREY, INDRANEEL DEV, and
18 ERIC J. MORTENSEN,

19 Defendants.

Case No.

CLASS ACTION COMPLAINT FOR
VIOLATION OF THE FEDERAL
SECURITIES LAWS

JURY TRIAL DEMANDED

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

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

6 **NATURE OF THE ACTION**

7 1. This is a federal securities class action on behalf of a class consisting
8 of all persons and entities other than Defendants who purchased or otherwise
9 acquired the publicly traded securities of CenturyLink from May 10, 2018 through
10 March 4, 2019, both dates inclusive (the “Class Period”). Plaintiff seeks to recover
11 compensable damages caused by Defendants’ violations of the federal securities
12 laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities
13 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
17 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5
18 promulgated 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
23 and has offices within 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
26 of interstate commerce, including but not limited to, the United States mail,
27 interstate telephone communications and the facilities of the national securities
28 exchange.

1 **PARTIES**

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

5 7. Defendant CenturyLink purports to provide various communications
6 services to residential, business, wholesale, and governmental customers primarily
7 in the United States. The Company is incorporated in Louisiana with global offices
8 in El Segundo, California. The Company's securities are traded on the New York
9 Stock Exchange ("NYSE") under the ticker symbol "CTL."

10 8. Defendant Glen F. Post, III ("Post") served as the Company's Chief
11 Executive Officer ("CEO") from 1992 until May 23, 2018.

12 9. Jeffrey K. Storey ("Storey") has served as the Company's CEO since
13 May 2018.

14 10. Defendant Sunit S. Patel ("Patel") served as the Company's Executive
15 Vice President and Chief Financial Officer ("CFO") from November 2017 until
16 September 28, 2018.

17 11. Defendant Indraneel Dev ("Dev") has served as the company's
18 Executive Vice President and CFO since November 6, 2018.

19 12. Defendant Eric J. Mortensen ("Mortensen") has served as the
20 Controller since July 1, 2018. Prior to that time, Mortensen served as the
21 Company's Interim Controller from April 8, 2018 until July 1, 2018.

22 13. Defendants Post, Storey, Patel, Dev and Mortensen are sometimes
23 referred to herein as the "Individual Defendants."

24 14. Each of the Individual Defendants:

25 (a) directly participated in the management of the Company;

26 (b) was directly involved in the day-to-day operations of the Company at
27 the highest levels;

- 1 (c) was privy to confidential proprietary information concerning the
2 Company and its business and operations;
- 3 (d) was directly or indirectly involved in drafting, producing, reviewing
4 and/or disseminating the false and misleading statements and
5 information alleged herein;
- 6 (e) was directly or indirectly involved in the oversight or implementation
7 of the Company's internal controls;
- 8 (f) was aware of or recklessly disregarded the fact that the false and
9 misleading statements were being issued concerning the Company;
10 and/or
- 11 (g) approved or ratified these statements in violation of the federal
12 securities laws.

13 15. The Company is liable for the acts of the Individual Defendants and its
14 employees under the doctrine of *respondeat superior* and common law principles
15 of agency because all of the wrongful acts complained of herein were carried out
16 within the scope of their employment.

17 16. The scienter of the Individual Defendants and other employees and
18 agents of the Company is similarly imputed to the Company under *respondeat*
19 *superior* and agency principles.

20 17. The Company and the Individual Defendants are referred to herein,
21 collectively, as the "Defendants."

22 **SUBSTANTIVE ALLEGATIONS**

23 **Background**

24 18. On November 1, 2017, CenturyLink acquired Level 3
25 Communications, Inc., a purported telecommunications and internet service
26 provider.

1 internal control over financial reporting that occurred during the first
2 quarter of 2018 that have materially affected, or are reasonably likely
3 to materially affect, the Company's internal control over financial
4 reporting.

5 22. On August 9, 2018, the Company filed a Form 10-Q for the second
6 quarter ended June 30, 2018 (the "2Q 2018 10-Q") with the SEC, which provided
7 the Company's second quarter 2018 financial results and position. The 2Q 2018 10-
8 Q was signed by Defendant Mortensen. The 2Q 2018 10-Q contained signed SOX
9 certifications by Defendants Storey and Patel attesting to the accuracy of financial
10 reporting, the disclosure of any material changes to the Company's internal controls
11 over financial reporting, and the disclosure of all fraud.

12 23. The 2Q 2018 10-Q stated the following concerning the Company's
13 internal control over financial reporting:

14 **Changes in Internal Control Over Financial Reporting**

15 Beginning January 1, 2018, we adopted Accounting Standards
16 Codification ("ASC") 606, Revenue from Contracts with Customers.
17 We implemented internal controls to ensure we adequately evaluated
18 our contracts and properly assessed the new accounting standard related
19 to revenue recognition on our consolidated financial statements.

20 CenturyLink completed the acquisition of Level 3, Inc. on
21 November 1, 2017. The Company is currently integrating policies,
22 processes, people, technology, and operations of the combined
23 company. Management will continue to evaluate the Company's
24 internal controls over financial reporting as it continues the integration
25 of Level 3. Other than the internal controls related to the adoption of
26 ASC 606 referenced above, there were no changes in the Company's
27 internal control over financial reporting that occurred during the second
28 quarter of 2018 that have materially affected, or are reasonably likely
to materially affect, the Company's internal control over financial
reporting.

1 24. On November 9, 2018, the Company filed a Form 10-Q for the third
2 quarter ended September 30, 2018 (the “3Q 2018 10-Q”) with the SEC, which
3 provided the Company’s second quarter 2018 financial results and position. The 3Q
4 2018 10-Q was signed by Defendant Mortensen. The 3Q 2018 10-Q contained
5 signed SOX certifications by Defendants Storey and Dev attesting to the accuracy
6 of financial reporting, the disclosure of any material changes to the Company’s
7 internal controls over financial reporting, and the disclosure of all fraud.

8 25. The 3Q 2018 10-Q stated the following concerning the Company’s
9 internal control over financial reporting:

10 **Changes in Internal Control Over Financial Reporting**

11 Beginning January 1, 2018, we adopted Accounting Standards
12 Codification ("ASC") 606, Revenue from Contracts with Customers.
13 We implemented internal controls to ensure we adequately evaluated
14 our contracts and properly assessed the new accounting standard related
15 to revenue recognition on our consolidated financial statements.

16 We completed the acquisition of Level 3, Inc. on November 1,
17 2017. We are currently integrating policies, processes, people,
18 technology, and operations of the combined company. We have
19 extended our oversight and monitoring processes that support our
20 internal control over financial reporting to include the acquired
21 operations. We will continue to evaluate our internal controls over
22 financial reporting as we continue the integration of Level 3.

23 Other than this extension over the acquired operations, there were
24 no changes in our internal control over financial reporting that occurred
25 during the third quarter of 2018 that have materially affected, or are
26 reasonably likely to materially affect, our internal control over financial
27 reporting.

28 26. On February 13, 2019, the Company issued a press release reporting
fourth quarter and full year 2018 results. Defendant Storey touted that
“CenturyLink’s focus on disciplined execution in 2018 enabled us to make

1 significant progress integrating Level 3, including achieving our originally
2 announced synergy target more than two years earlier than expected.” The
3 Company also provided pro forma consolidated financial statements for
4 CenturyLink and Level 3.

5 27. The statements referenced in ¶¶19-26 above were materially false
6 and/or misleading because they misrepresented and failed to disclose the following
7 adverse facts pertaining to the Company’s business, operational and financial
8 results, which were known to Defendants or recklessly disregarded by them.
9 Specifically, Defendants made false and/or misleading statements and/or failed to
10 disclose that: (1) CenturyLink had undisclosed material deficiencies in its internal
11 controls over revenue recording processes and the procedures for measuring fair
12 value of assets and liabilities assumed in connection with its Level 3
13 Communications, Inc. acquisition; (2) consequently, CenturyLink would delay the
14 filing of its Form 10-K for the fiscal year ended December 31, 2018 despite initially
15 reporting those financial results in a press release dated February 13, 2019; and (3)
16 as a result, the Company’s public statements were materially false and misleading
17 at all relevant times.

18 **The Truth Begins to Emerge**

19 28. On March 4, 2019, the Company announced it would not be able to
20 timely file its annual report for the period ended December 31, 2018 because it had
21 “identified material weaknesses in internal controls over the Company’s revenue
22 recording processes and the procedures for measuring fair value of assets and
23 liabilities assumed in connection with the Level 3 Communications, Inc.” The
24 Company’s announcement stated, in relevant part:

25 CenturyLink, Inc. (the “Company”) is filing this Notification of Late
26 Filing on Form 12b-25 with respect to its Annual Report on Form 10-
27 K for the period ended December 31, 2018 (the “Form 10-K”). ***The***
28 ***Company has determined that it is unable to file its Form 10-K within***
the prescribed time period provided by the applicable rules of the

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Securities and Exchange Commission without unreasonable effort and expense.

The principal reason for the delay is that recently identified material weaknesses in internal controls over the Company’s revenue recording processes and the procedures for measuring fair value of assets and liabilities assumed in connection with the Level 3 Communications, Inc. acquisition have created the need to conduct additional review and testing with respect to those processes prior to finalizing the assessment and the audits of the effectiveness of internal control over financial reporting as of December 31, 2018 and of the Company’s financial statements as of and for the year ended December 31, 2018.

* * *

The Company is working diligently along with its external auditor to complete its work processes and audit and expects to file the Form 10-K within the grace period prescribed by Rule 12b-25 under the Securities Exchange Act of 1934, as amended.

(Emphasis added.)

29. On this news, shares of CenturyLink fell \$0.82 per share or over 6% to close at \$12.15 per share on March 4, 2019.

30. 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.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

31. 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 or otherwise acquired the publicly traded securities of CenturyLink during the Class Period (the “Class”) and were damaged upon the revelation of the alleged corrective disclosure. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their

1 immediate families and their legal representatives, heirs, successors or assigns and
2 any entity in which Defendants have or had a controlling interest.

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

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

15 34. Plaintiff will fairly and adequately protect the interests of the members
16 of the Class and has retained counsel competent and experienced in class and
17 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those
18 of the Class.

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

- 22 (a) whether Defendants' acts as alleged violated the federal securities
23 laws;
- 24 (b) whether Defendants' statements to the investing public during the
25 Class Period misrepresented material facts about the financial
26 condition, business, operations, and management of the Company;
- 27 (c) whether Defendants' statements to the investing public during the
28 Class Period omitted material facts necessary to make the statements

1 made, in light of the circumstances under which they were made, not
2 misleading;

3 (d) whether the Individual Defendants caused the Company to issue false
4 and misleading SEC filings and public statements during the Class
5 Period;

6 (e) whether Defendants acted knowingly or recklessly in issuing false and
7 misleading SEC filings and public statements during the Class Period;

8 (f) whether the prices of the Company's securities during the Class Period
9 were artificially inflated because of the Defendants' conduct
10 complained of herein; and

11 (g) whether the members of the Class have sustained damages and, if so,
12 what is the proper measure of damages.

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

19 37. Plaintiff will rely, in part, upon the presumption of reliance established
20 by the fraud-on-the-market doctrine in that:

21 (a) Defendants made public misrepresentations or failed to disclose
22 material facts during the Class Period;

23 (b) the omissions and misrepresentations were material;

24 (c) the Company's securities are traded in efficient markets;

25 (d) the Company's securities were liquid and traded with moderate to
26 heavy volume during the Class Period;

27 (e) the Company traded on the NYSE, and was covered by multiple
28 analysts;

1 (f) the misrepresentations and omissions alleged would tend to induce a
2 reasonable investor to misjudge the value of the Company's securities;
3 Plaintiff and members of the Class purchased and/or sold the
4 Company's securities between the time the Defendants failed to
5 disclose or misrepresented material facts and the time the true facts
6 were disclosed, without knowledge of the omitted or misrepresented
7 facts; and

8 (g) Unexpected material news about the Company was rapidly reflected
9 in and incorporated into the Company's stock price during the Class
10 Period.

11 38. Based upon the foregoing, Plaintiff and the members of the Class are
12 entitled to a presumption of reliance upon the integrity of the market.

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

18 **COUNT I**

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

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

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

26 42. During the Class Period, the Company and the Individual Defendants,
27 individually and in concert, directly or indirectly, disseminated or approved the
28 false statements specified above, which they knew or deliberately disregarded were

1 misleading in that they contained misrepresentations and failed to disclose material
2 facts necessary in order to make the statements made, in light of the circumstances
3 under which they were made, not misleading.

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

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

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

1 made by them or other personnel of the Company to members of the investing
2 public, including Plaintiff and the Class.

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

11 47. 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
13 by the Company's and the Individual Defendants' misleading statements and by the
14 material adverse information which the Company's and the Individual Defendants
15 did not disclose, they would not have purchased the Company's securities at the
16 artificially inflated prices that they did, or at all.

17 48. 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 49. By reason of the foregoing, the Company and the Individual
20 Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5
21 promulgated thereunder and are liable to the Plaintiff and the other members of the
22 Class for substantial damages which they suffered in connection with their
23 purchases of the Company's securities during the Class Period.

24 **COUNT II**

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

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

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

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

11 53. Because of their positions of control and authority as senior officers,
12 the 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 54. Each of the Individual Defendants, therefore, acted as a controlling
21 person of the Company. By reason of their senior management positions and/or
22 being directors of the Company, each of the Individual Defendants had the power
23 to direct the actions of, and exercised the same to cause, the Company to engage in
24 the unlawful acts and conduct complained of herein. Each of the Individual
25 Defendants exercised control over the general operations of the Company and
26 possessed the power to control the specific activities which comprise the primary
27 violations about which Plaintiff and the other members of the Class complain.
28

1 55. By reason of the above conduct, the Individual Defendants are liable
2 pursuant to Section 20(a) of the Exchange Act for the violations committed by the
3 Company.

4 **PRAYER FOR RELIEF**

5 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

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

9 B. Requiring Defendants to pay damages sustained by Plaintiff and the
10 Class by reason of the acts and transactions alleged herein;

11 C. Awarding Plaintiff and the other members of the Class prejudgment
12 and post-judgment interest, as well as their reasonable attorneys’ fees, expert fees
13 and other costs; and

14 D. Awarding such other and further relief as this Court may deem just and
15 proper.

16 **DEMAND FOR TRIAL BY JURY**

17 Plaintiff hereby demands a trial by jury.

18
19 Dated: _____, 2019

Respectfully submitted,

20 **THE ROSEN LAW FIRM, P.A.**

21
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