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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 _____, Individually and on Behalf
12 of All Others Similarly Situated,

13 Plaintiff,

14 v.

15 MONEYGRAM INTERNATIONAL,
16 INC., W. ALEXANDER HOLMES,
17 and LAWRENCE ANGELILLI,

18 Defendants.

No.

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

CLASS ACTION

(DEMAND FOR JURY TRIAL)

19 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons
20 similarly situated, by Plaintiff’s undersigned attorneys, alleges the following based
21 upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and upon
22 information and belief as to all other matters based on the investigation conducted
23 by and through Plaintiff’s attorneys, which included, among other things, a review
24 of U.S. Securities and Exchange Commission (“SEC”) filings by MoneyGram
25 International, Inc. (“MoneyGram” or the “Company”), as well as media and analyst
26 reports about the Company and Company press releases. Plaintiff believes that
27
28

1 substantial additional evidentiary support will exist for the allegations set forth
2 herein.

3 **NATURE OF THE ACTION**

4 1. Plaintiff brings this securities class action on behalf of persons who
5 purchased the securities of MoneyGram between June 17, 2019 and February 22,
6 2021, inclusive (the “Class Period”). Plaintiff seeks to recover compensable
7 damages caused by Defendants’ violations of the federal securities laws under the
8 Securities Exchange Act of 1934 (the “Exchange Act”).

9 **JURISDICTION AND VENUE**

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

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

16 4. This Court has jurisdiction over each Defendant named herein because
17 each Defendant has sufficient minimum contacts with this judicial district so as to
18 render the exercise of jurisdiction by this Court permissible under traditional
19 notions of fair play and substantial justice.

20 5. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b)
21 and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged
22 misstatements entered and the subsequent damages took place in this judicial
23 district.

24 6. 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 mails,
27 interstate telephone communications and the facilities of a national securities
28 exchange. Defendants disseminated the statements alleged to be false and

1 misleading herein into this district, and Defendants solicited purchasers of
2 MoneyGram securities in this district.

3 **PARTIES**

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

7 8. Defendant MoneyGram, together with its subsidiaries, is a money
8 transfer company that allows customers to send money around the globe.
9 MoneyGram is incorporated in Delaware and maintains its principal executive
10 offices at 2828 N. Harwood St., 15th Floor, Dallas, Texas. The Company's shares
11 are listed on NASDAQ under the ticker symbol "MGI."

12 9. Defendant W. Alexander Holmes ("Holmes") served as the Chief
13 Executive Officer ("CEO") and Chairman of the Board of the Company throughout
14 the Class Period.

15 10. Defendant Lawrence Angelilli ("Angelilli") served as the Chief
16 Financial Officer ("CFO") of the Company throughout the Class Period.

17 11. Defendants Holmes and Angelilli are collectively referred to herein as
18 the "Individual Defendants."

19 12. Each of the Individual Defendants:

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

- 1 (e) was directly or indirectly involved in the oversight or
2 implementation of the Company’s internal controls;
3 (f) was aware of or recklessly disregarded the fact that the false
4 and misleading statements were being issued concerning the
5 Company; and/or
6 (g) approved or ratified these statements in violation of the federal
7 securities laws.

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

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

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

17
18 **SUBSTANTIVE ALLEGATIONS**
19 **Materially False and Misleading**
20 **Statements Issued During the Class Period**

21 16. On June 17, 2019, MoneyGram issued a press release announcing that
22 it was entering into a strategic partnership with Ripple Labs, Inc. (“Ripple”). Ripple
23 is a blockchain technology company and the developer of the cryptocurrency XRP.

24 17. The press release stated, in pertinent part:

25 MoneyGram International, Inc. (NASDAQ: MGI), one of the world’s
26 largest money transfer companies, announced today that it has entered
27 into a strategic agreement with Ripple, a provider of leading enterprise
28 blockchain solutions for global payments. This agreement will enable

1 MoneyGram to utilize Ripple’s xRapid product (XRP) in foreign
2 exchange settlement as part of the MoneyGram’s cross-border payment
3 process. The partnership supports the companies’ shared goal of
4 improving the settlement of cross-border payments by increasing
5 efficiency and reducing cost through integration of the XRP platform.
6 ...

7 “I’m extremely excited about Ripple’s investment in MoneyGram and
8 the related strategic partnership,” said Alex Holmes, MoneyGram
9 Chairman and CEO. “As the payments industry evolves, we are focused
10 on continuing to improve our platform and utilizing the best technology
11 as part of our overall settlement process,” said Mr. Holmes. “Through
12 our partnership with Ripple, we will also have the opportunity to further
13 enhance our operations and streamline our global liquidity
14 management. Since our initial partnership announced in January 2018,
15 we have gotten to know Ripple and are looking forward to further
16 leveraging the strengths of both of our businesses.”

17 18. Also on June 17, 2019, MoneyGram filed with the SEC a Form 8-K.
18 The Form 8-K attached a Securities Purchase Agreement by which Ripple agreed
19 to invest up to \$50 million in MoneyGram stock as part of the strategic agreement
20 between the two companies.

21 19. On this news, the price of MoneyGram stock jumped from a closing
22 price of \$1.45 on June 17, 2020, to open at \$3.66 on June 18, 2020, an increase of
23 over 150%.

24 20. On August 2, 2019, MoneyGram filed its quarterly report on Form 10-
25 Q with the SEC for the quarter ended June 30, 2019 (the “2Q19 10-Q”). Attached
26 to the 2Q19 10-Q were certifications pursuant to the Sarbanes-Oxley Act of 2000
27 (SOX) signed by Defendants Holmes and Angelilli attesting to the accuracy of the
28 financial statements and the disclosure of all fraud.

21. The 2Q19 10-Q stated:

1 Additionally, on June 17, 2019, we announced a commercial agreement
2 with Ripple. The commercial agreement allows MoneyGram to utilize
3 Ripple’s xRapid blockchain product, as well as XRP, Ripple’s
4 cryptocurrency, to facilitate cross-border settlement. The Company
5 expects that this will reduce working capital needs and have the
6 potential to generate additional earnings and cash flow.

7 22. On November 6, 2019, MoneyGram filed its quarterly report on Form
8 10-Q with the SEC for the quarter ended September 30, 2019 (the “3Q19 10-Q”).
9 Attached to the 3Q19 10-Q were certifications pursuant to SOX signed by
10 Defendants Holmes and Angelilli attesting to the accuracy of the financial
11 statements and the disclosure of all fraud.

12 23. The 3Q19 10-Q stated further:

13 On June 17, 2019, we announced a commercial agreement with Ripple.
14 The commercial agreement allows MoneyGram to utilize Ripple’s On
15 Demand Liquidity blockchain product (formerly known as xRapid), as
16 well as XRP, Ripple’s cryptocurrency, to facilitate cross-border foreign
17 currency exchange settlement. The Company is compensated by Ripple
18 for developing and bringing liquidity to foreign exchange markets,
19 facilitated by Ripple’s blockchain, and providing a reliable level of
20 foreign exchange trading activity. The Company expects that this
21 partnership, at scale, will reduce our working capital needs and generate
22 additional earnings and cash flows.

23 24. On February 28, 2020, MoneyGram filed its annual report on Form 10-
24 K for the year ended December 31, 2019 (the “2019 Annual Report”), which was
25 signed by Defendants Holmes and Angelilli. Attached to the 2019 Annual Report
26 were certifications pursuant to SOX signed by Defendants Holmes and Angelilli
27 attesting to the accuracy of financial reporting, the disclosure of any material
28 changes to the Company’s internal control over financial reporting and the
disclosure of all fraud.

1 25. The 2019 Annual Report stated the following about Ripple, identifying
2 the strong contribution that market development fees received from Ripple made to
3 MoneyGram’s financial results:

4 *Market Development Fees — Market development fees are fees paid*
5 *by Ripple Labs Inc. (“Ripple”) to the Company for developing and*
6 *bringing liquidity to foreign exchange markets, facilitated by Ripple’s*
7 *On Demand Liquidity (“ODL”) platform, and providing a reliable*
8 *level of foreign exchange trading activity.* The liquidity services
9 provided by the Company are not considered distinct under ASC Topic
10 606, “Revenue from Contracts with Customers,” and consequently
11 MoneyGram will recognize fees received for market development
12 services as vendor consideration in accordance with ASC Topic 705,
13 “Cost of Sales and Services.” The fees will be presented as a contra
14 expense to offset costs incurred to Ripple and are recorded as incurred
15 in “Transaction and operations support” in the Consolidated Statements
16 of Operations. Per the terms of the commercial agreement, the
17 Company does not pay fees to Ripple for its usage of the ODL platform
18 and there are no claw back or refund provisions.

19 *For the year ended December 31, 2019, market development fees*
20 *were \$11.3 million. Additionally, as of December 31, 2019, the*
21 *Company had a receivable from Ripple for market development fees*
22 *of \$0.9 million.*

23 (Emphasis added).

24 26. On May 1, 2020, MoneyGram filed its quarterly report on Form 10-Q
25 with the SEC for the quarter ended March 31, 2020 (the “1Q20 10-Q”). Attached
26 to the 1Q20 10-Q were certifications pursuant to SOX signed by Defendants
27 Holmes and Angelilli attesting to the accuracy of the financial statements and the
28 disclosure of all fraud.

 27. The 1Q20 10-Q stated:

 For the three months ended March 31, 2020, the Company received a
net benefit of \$12.1 million composed of \$16.6 million of Ripple

1 market development fees, which were partially offset by related
2 transaction and trading expenses of \$4.5 million, both of which were
3 included in “Transaction and operations support” line on the
4 Condensed Consolidated Statements of Operations.

5 28. On July 31, 2020, MoneyGram filed its quarterly report on Form 10-Q
6 with the SEC for the quarter ended June 30, 2020 (the “2Q20 10-Q”). Attached to
7 the 2Q20 10-Q were certifications pursuant to SOX signed by Defendants Holmes
8 and Angelilli attesting to the accuracy of the financial statements and the disclosure
9 of all fraud.

10 29. The 2Q20 10-Q stated:

11 For the three months ended June 30, 2020, the Company received a net
12 benefit of \$8.8 million composed of \$15.1 million of Ripple market
13 development fees, which were partially offset by related transaction and
14 trading expenses of \$6.3 million, both of which were included in the
15 “Transaction and operations support” line on the Condensed
16 Consolidated Statements of Operations. For the six months ended June
17 30, 2020, the Company received a net benefit of \$20.9 million
18 composed of \$31.7 million of Ripple market development fees, which
19 were partially offset by related transaction and trading expenses of
20 \$10.8 million.

21 30. On October 30, 2020, MoneyGram filed its quarterly report on Form
22 10-Q with the SEC for the quarter ended September 30, 2020 (the “3Q20 10-Q”).
23 Attached to the 3Q20 10-Q were certifications pursuant to SOX signed by
24 Defendants Holmes and Angelilli attesting to the accuracy of the financial
25 statements and the disclosure of all fraud.

26 31. The 3Q20 10-Q stated:

27 For the three months ended September 30, 2020, the Company received
28 a net benefit of \$8.9 million composed of \$9.3 million of Ripple market
development fees, which were partially offset by related transaction and
trading expenses of \$0.4 million, both of which were included in the

1 “Transaction and operations support” line on the Condensed
2 Consolidated Statements of Operations. For the nine months ended
3 September 30, 2020, the Company received a net benefit of \$29.8
4 million composed of \$41.0 million of Ripple market development fees,
5 which were partially offset by related transaction and trading expenses
6 of \$11.2 million.

7 32. The statements referenced in ¶¶16-31 above were materially false
8 and/or misleading because they misrepresented and failed to disclose the following
9 adverse facts pertaining to the Company’s business, operational and financial
10 results, which were known to Defendants or recklessly disregarded by them.
11 Specifically, Defendants made false and/or misleading statements and/or failed to
12 disclose that: (1) XRP, the cryptocurrency that MoneyGram was utilizing as part of
13 its Ripple partnership, was viewed as an unregistered and therefore unlawful
14 security by the SEC; (2) in the event that the SEC decided to enforce the securities
15 laws against Ripple, MoneyGram would be likely to lose the lucrative stream of
16 market development fees that was critical to its financial results throughout the
17 Class Period; and (3) as a result, Defendants’ public statements were materially
18 false and/or misleading at all relevant times.

18 **THE TRUTH EMERGES**

19 38. On December 22, 2020, the SEC filed a lawsuit against Ripple,
20 alleging that Ripple’s cryptocurrency XRP is an unregistered security in violation
21 of the securities laws.

22 39. The SEC alleges a brazen scheme in which Ripple received legal
23 advice as early as 2012 that XRP could be considered an investment contract and
24 therefore a security that needs to be registered under the securities laws.
25 Nevertheless, Ripple decided to ignore this advice and assume the risk of initiating
26 a large-scale distribution of XRP without registration.

27 40. Relying on Ripple’s own statements, the SEC points out that Ripple’s
28 stated business plan has been to sell XRP to as many speculative investors as

1 possible, and any non-speculative or non-investment use of the cryptocurrency
2 represents a very small and inconsequential piece of the enterprise.

3 41. In fact, the SEC alleges specifically that the major non-investment use
4 of the XRP cryptocurrency – transferring money on Ripple’s ODL platform – is not
5 market-driven, but subsidized by Ripple itself.

6 42. In order to convince anyone to use ODL to transfer money, the SEC
7 alleges, Ripple had to make a \$50 million equity investment and pay significant
8 financial compensation to an entity that the SEC’s Complaint refers to only as the
9 “Money Transmitter.” Of course, the “Money Transmitter” is MoneyGram.

10 43. In addition, the SEC’s Complaint describes how MoneyGram itself
11 took part in the sale of unregistered XRP securities on the open market:

12
13 341. Specifically, from 2019 through June 2020, Ripple paid the Money
14 Transmitter 200 million XRP, which the Money Transmitter
15 immediately monetized by selling XRP into the public market, typically
16 on the very days it received XRP from Ripple. The Money Transmitter
17 publicly disclosed earning over \$52 million in fees and incentives from
18 Ripple through September 2020.

19 342. The Money Transmitter became yet another conduit for Ripple’s
20 unregistered XRP sales into the market, with Ripple receiving the added
21 benefit that it could tout its inorganic XRP “use” and trading volume
22 for XRP. The Money Transmitter has served that principal purpose for
23 Ripple in exchange for significant financial compensation.

24 44. On December 23, 2020, MoneyGram issued a press release entitled:
25 “MoneyGram Statement on the SEC Action Against Ripple.” The press release
26 stated:

27 The Company has not currently been notified or been made aware of
28 any negative impact to its commercial agreement with Ripple but will
continue to monitor for any potential impact as developments in the
lawsuit evolve. MoneyGram has had a commercial agreement with

1 Ripple since June 2019; this agreement represents the use of Ripple’s
2 foreign exchange (FX) blockchain trading platform (ODL) for the
3 purchase or sale of four currencies. MoneyGram has continued to
4 utilize its other traditional FX trading counterparties throughout the
5 term of the agreement with Ripple, and is not dependent on the Ripple
6 platform to accomplish its FX trading needs.

7 As a reminder, MoneyGram does not utilize the ODL platform or
8 RippleNet for direct transfers of consumer funds – digital or otherwise.
9 Furthermore, MoneyGram is not a party to the SEC action.

10 45. On February 22, 2021, MoneyGram filed its annual report on Form 10-
11 K for the year ended December 31, 2020 (the “2020 Annual Report”), which was
12 signed by Defendants Holmes and Angelilli. Attached to the 2020 Annual Report
13 were certifications pursuant to SOX signed by Defendants Holmes and Angelilli
14 attesting to the accuracy of financial reporting, the disclosure of any material
15 changes to the Company’s internal control over financial reporting and the
16 disclosure of all fraud.

17 46. The 2020 Annual Report stated the following about Ripple, in
18 pertinent part:

19 On December 22, 2020, the SEC filed a lawsuit against Ripple alleging
20 that they raised over \$1.3 billion through an unregistered, ongoing
21 digital asset offering in violation of the registration provisions of the
22 Securities Act of 1933. Subsequently, substantially all of the U.S.-
23 based digital asset exchanges removed XRP from their platforms.
24 MoneyGram ceased transacting with Ripple under the commercial
25 agreement in early December 2020 and has not since resumed trading.
26 ***It is possible that MoneyGram will not resume transacting with Ripple
under the commercial agreement and will be unable to receive the
related market development fees in 2021 and beyond.*** Per the terms of
the commercial agreement, the Company does not pay fees to Ripple
for its usage of the ODL platform or the related software and there are
no clawback or refund provisions.

27 . . .

28 ***The “Transaction and operations support” line on the Consolidated
Statements of Operations includes market development fees of***

1 *\$50.2 million and \$11.3 million for the years ended December 31,*
2 *2020 and December 31, 2019, respectively.*

3 (Emphasis added).

4
5 47. Also on February 22, 2021, MoneyGram issued a press release on its
6 financial results for its fourth quarter and full-year ended December 31, 2020. The
7 press release stated in pertinent part:

8 **First Quarter 2021 Outlook**

9 Assuming the global economic environment were to remain consistent
10 with the fourth quarter the Company is providing the following outlook:

11 For the first quarter of 2021, the Company anticipates reporting total
12 revenue of approximately \$300 million on the strength of its money
13 transfer business and continued triple-digit cross-border MoneyGram
14 Online growth, partially offset by an estimated \$8 million reduction in
15 gross investment revenue.

16 *In addition, the Company is not planning for any benefit from Ripple*
17 *market development fees in the first quarter. Due to the uncertainty*
18 *concerning their ongoing litigation with the SEC, the Company has*
19 *suspended trading on Ripple's platform. In the first quarter of 2020,*
20 *the Company realized a net expense benefit of \$12.1 million from*
21 *Ripple market development fees.*

22 *Based on the combination of these factors, the Company anticipates*
23 *reporting Adjusted EBITDA of approximately \$50 million in the first*
24 *quarter of 2021.*

25 (Emphasis added.)

26 48. On this news, MoneyGram securities fell 33.2%, from a closing price
27 on February 19, 2021 of \$10.87, to a closing price on February 23, 2020 of \$7.26,
28 damaging investors.

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

4 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5 44. Plaintiff brings this action as a class action pursuant to Federal Rule of
6 Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other
7 than Defendants who purchased publicly traded MoneyGram securities on the
8 NASDAQ during the Class Period, and who were damaged thereby (the “Class”).
9 Excluded from the Class are Defendants, the officers and directors of MoneyGram
10 and its subsidiaries, members of the Individual Defendants’ immediate families and
11 their legal representatives, heirs, successors or assigns and any entity in which
12 Defendants have or had a controlling interest.

13 45. The members of the Class are so numerous that joinder of all members
14 is impracticable. Throughout the Class Period, MoneyGram securities were actively
15 traded on the NASDAQ. While the exact number of Class members is unknown to
16 Plaintiff at this time and can be ascertained only through appropriate discovery,
17 Plaintiff believes that there are hundreds, if not thousands of members in the
18 proposed Class.

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

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

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

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

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

25 50. Plaintiff will rely, in part, upon the presumption of reliance established
26 by the fraud-on-the-market doctrine in that:

- 27 a) MoneyGram shares met the requirements for listing, and were listed
28 and actively traded on the NASDAQ, an efficient market;

- 1 b) As a public issuer, the Company filed periodic public reports;
- 2 c) MoneyGram regularly communicated with public investors via
3 established market communication mechanisms, including through the
4 regular dissemination of press releases via major newswire services and
5 through other wide-ranging public disclosures, such as communications with
6 the financial press and other similar reporting services;
- 7 d) MoneyGram's securities were liquid and traded with moderate to
8 heavy volume during the Class Period; and
- 9 e) The Company was followed by a number of securities analysts
10 employed by major brokerage firms who wrote reports that were widely
11 distributed and publicly available.

12 51. Based on the foregoing, the market for MoneyGram securities
13 promptly digested current information regarding the Company from all publicly
14 available sources and reflected such information in the prices of the securities, and
15 Plaintiff and the members of the Class are entitled to a presumption of reliance upon
16 the integrity of the market.

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

22 **COUNT I**

23 **For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**
24 **Against All Defendants**

25 53. Plaintiff repeats and realleges each and every allegation contained
26 above as if fully set forth herein.
27
28

1 54. This Count is asserted against Defendants based upon Section 10(b) of
2 the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by
3 the SEC.

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

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

- 12 • employed devices, schemes and artifices to defraud;
- 13 • made untrue statements of material facts or omitted to state
14 material facts necessary in order to make the statements made, in light
15 of the circumstances under which they were made, not misleading; or
- 16 • engaged in acts, practices and a course of business that operated
17 as a fraud or deceit upon plaintiff and others similarly situated in
18 connection with their purchases of MoneyGram securities during the
19 Class Period.

20 57. Defendants acted with scienter in that they knew that the public
21 documents and statements issued or disseminated in the name of the Company were
22 materially false and misleading; knew that such statements or documents would be
23 issued or disseminated to the investing public; and knowingly and substantially
24 participated, or acquiesced in the issuance or dissemination of such statements or
25 documents as primary violations of the securities laws. These Defendants by virtue
26 of their receipt of information reflecting the true facts of the Company, their control
27 over, and/or receipt and/or modification of MoneyGram's allegedly materially
28

1 misleading statements, and/or their associations with the Company which made
2 them privy to confidential proprietary information concerning the Company,
3 participated in the fraudulent scheme alleged herein.

4 58. Individual Defendants, who are or were the senior officers and/or
5 directors of the Company, had actual knowledge of the material omissions and/or
6 the falsity of the material statements set forth above, and intended to deceive
7 Plaintiff and the other members of the Class, or, in the alternative, acted with
8 reckless disregard for the truth when they failed to ascertain and disclose the true
9 facts in the statements made by them or other MoneyGram personnel to members
10 of the investing public, including Plaintiff and the Class.

11 59. As a result of the foregoing, the market price of MoneyGram securities
12 was artificially inflated during the Class Period. In ignorance of the falsity of
13 Defendants' statements, Plaintiff and the other members of the Class relied on the
14 statements described above and/or the integrity of the market price of MoneyGram
15 securities during the Class Period in purchasing MoneyGram securities at prices
16 that were artificially inflated as a result of Defendants' false and misleading
17 statements.

18 60. Had Plaintiff and the other members of the Class been aware that the
19 market price of MoneyGram's securities had been artificially and falsely inflated
20 by Defendants' misleading statements and by the material adverse information
21 which Defendants did not disclose, they would not have purchased MoneyGram's
22 securities at the artificially inflated prices that they did, or at all.

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

25 62. By reason of the foregoing, Defendants have violated Section 10(b) of
26 the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the Plaintiff
27 and the other members of the Class for substantial damages which they suffered in
28 connection with their purchase of MoneyGram's securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

1
2
3 63. Plaintiff repeats and realleges each and every allegation contained in
4 the foregoing paragraphs as if fully set forth herein.

5 64. During the Class Period, the Individual Defendants participated in the
6 operation and management of the Company, and conducted and participated,
7 directly and indirectly, in the conduct of MoneyGram’s business affairs. Because
8 of their senior positions, they knew the adverse non-public information about the
9 Company’s false financial statements.

10 65. As officers of a publicly owned company, the Individual Defendants
11 had a duty to disseminate accurate and truthful information with respect to
12 MoneyGram’s financial condition and results of operations, and to correct promptly
13 any public statements issued by the Company which had become materially false
14 or misleading.

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

25 67. By reason of the above conduct, the Individual Defendants are liable
26 pursuant to Section 20(a) of the Exchange Act for the violations committed by the
27 Company
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1 **PRAYER FOR RELIEF**

2 **WHEREFORE**, Plaintiff, on behalf of himself and the Class, prays for
3 judgment and relief as follows:

4 (a) declaring this action to be a proper class action, designating Plaintiff
5 as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of
6 the Federal Rules of Civil Procedure and designating Plaintiff’s counsel as Lead
7 Counsel;

8 (b) awarding damages in favor of Plaintiff and the other Class members
9 against all Defendants, jointly and severally, together with interest thereon;

10 (c) awarding Plaintiff and the Class reasonable costs and expenses
11 incurred in this action, including counsel fees and expert fees; and

12 (d) awarding Plaintiff and other members of the Class such other and
13 further relief as the Court may deem just and proper.

14 **JURY TRIAL DEMANDED**

15 Plaintiff hereby demands a trial by jury.

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18 Dated:

THE ROSEN LAW FIRM, P.A.

19
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Counsel for Plaintiff