

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

\_\_\_\_\_ Individually and On Behalf of )  
All Others Similarly Situated, )

Plaintiff, )

vs. )

CNOVA N.V., VITOR FAGÁ DE )  
ALMEIDA, GERMÁN PASQUALE )  
QUIROGA VILARDO, EMMANUEL )  
GRENIER, JEAN-CHARLES NAOURI, )  
LÍBANO MIRANDA BARROSO, )  
ELEAZAR DE CARVALHO FILHO, )  
DIDIER LÉVÊQUE, RONALDO IABRUDI )  
DOS SANTOS PEREIRA, ARNAUD )  
STRASSER, FERNANDO TRACANELLA, )  
NICOLAS WOUSSEN, MORGAN )  
STANLEY & CO. LLC, J.P. MORGAN )  
SECURITIES LLC, MERRILL LYNCH, )  
PIERCE, FENNER & SMITH )  
INCORPORATED, CREDIT SUISSE )  
SECURITIES (USA) LLC, DEUTSCHE )  
BANK SECURITIES INC., BNP PARIBAS )  
SECURITIES CORP., HSBC SECURITIES )  
(USA) INC., NATIXIS SECURITIES )  
AMERICAS LLC, and SG AMERICAS )  
SECURITIES, LLC, )

Defendants. \_\_\_\_\_ )

Index No.:

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE SECURITIES  
ACT OF 1933 AND JURY TRIAL  
DEMAND**

Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others similarly situated, by the undersigned attorneys, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and upon information and belief as to all other matters based on the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of Cnova N.V.’s (“Cnova” or the “Company”) press releases, Securities and Exchange Commission (“SEC”) filings, analyst reports, media reports, and other publicly

disclosed reports and information. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

### **NATURE OF THE ACTION**

1. This is a securities class action on behalf of Plaintiff and all other persons or entities, except for Defendants, who purchased or otherwise acquired ordinary shares of Cnova pursuant and/or traceable to the Company's initial public offering ("IPO") on or around November 20, 2014 (the "Offering") seeking to pursue strict liability and negligence claims under the Securities Act of 1933 (the "Securities Act").

2. Cnova is a Netherlands-based company with one of the largest global e-commerce companies, with operations in Europe, Latin America, Asia, and Africa. On June 4, 2014, Cnova filed a Registration Statement with the SEC on Form F-1. After several amendments, the Registration Statement was declared effective on November 19, 2014, and the Company filed the final Prospectus for the Offering, which forms part of the Registration Statement on November 21, 2014.

3. On November 20, 2014, Cnova announced the pricing of its IPO of 26,800,000 ordinary shares at a price of \$7.00 per share, resulting in gross proceeds of approximately \$188 million. Cnova's ordinary shares began trading on the NASDAQ Global Select Market under the ticker symbol "CNV."

4. The Registration Statement and Prospectus (collectively referred to as the "Registration Statement," unless otherwise specified), distributed in connection with the Company's Offering contained false statements and omissions of material facts concerning Cnova's operations and financial health and prospects. Specifically, the Registration Statement misleadingly failed to disclose that (i) the Company's operations were in the midst of a serious slowdown and that (ii) the Company's Brazil operations lacked sufficient controls.

5. This action seeks recovery, including rescission, for innocent purchasers who suffered many millions of dollars in losses when the truth about Cnova emerged and its share price plummeted.

6. For all of the claims stated herein, Plaintiff expressly excludes any allegation that could be construed as alleging fraud or intentional or reckless misconduct. Plaintiff's claims are not based on and do not sound in fraud.

### **JURISDICTION AND VENUE**

7. This Court has subject matter jurisdiction over this action pursuant to N.Y. Const, art. VI, §7, N.Y. Judiciary Law §140-b (McKinney 2002), and §22 of the federal Securities Act, 15 U.S.C. §77v. This action is not removable. The claims alleged herein arise under §§11, 12(a)(2), and 15 of the Securities Act. *See* 15 U.S.C. §§77k, 77l(a)(2), and 77o. Section 22 of the Securities Act, 15 U.S.C. §77v, expressly states that “[e]xcept as provided in section 77p(c) of this title, no case arising under this subchapter and brought in any State court of competent jurisdiction shall be removed to any court of the United States.” Section 16(c) refers to “covered class action[s] brought in any State court involving a covered security, as set forth in subsection (b);” and subsection (b) of Section 16 in turn includes within its scope only covered class actions “based upon the statutory or common law of any State or subdivision thereof.” *See* 15 U.S.C. §77p(b). This is an action asserting only federal law claims. Thus, this action is not removable to federal court.

8. This Court also has personal jurisdiction under N.Y. C.P.L.R. §§301-02 because each Defendant conducted business in and/or issued securities on the Nasdaq Stock Exchange in the state of New York at the time of the Offering, including, but not limited to, their role in disseminating and/or authorizing the dissemination of the defective Registration Statement and related Offering materials to investors.

9. Moreover, when one considers that New York is the third most populous state in the U.S., it is reasonable to infer that there are hundreds (if not thousands) of Cnova investors who were also residents of New York. Defendants therefore knew or should have known that their defective Registration Statement and related Offering materials were being specifically directed to a large number of New York residents and that such conduct would cause harm to investors located within this State.

10. Venue is proper under Section 22(a) of the federal Securities Act in the district where the defendant (i) is found, (ii) is an inhabitant, (iii) transacts business, or (iv) where the offer or sale took place, if the defendant participated in the sale. Although Plaintiff need only establish that one Defendant meets at least one of these criteria, in fact all of the Defendants transact business in and are “found” in the County of New York, and all participated in the November 20, 2014 IPO Offering, which took place substantially in the County of New York. *See* 15 U.S.C. §77v. Defendants conducted business in the State of New York, offered securities on national markets in New York, and/or committed many of the acts complained of herein in New York, including the preparation and dissemination of the materially inaccurate, misleading, and incomplete Registration Statement and Prospectus (which were prepared by Defendants, or with their participation, acquiescence, encouragement, cooperation, and/or assistance), and because the Company maintains its agent for service in New York, New York.

### **PARTIES**

11. Plaintiff purchased Cnova securities pursuant and/or traceable to the Registration Statement and the November 20, 2014 IPO Offering, and was damaged thereby. Plaintiff’s certification is attached hereto.

12. Defendant Cnova is a corporation headquartered in Schiphol, Netherlands and incorporated in the Netherlands. Its shares are traded on the NASDAQ stock exchange, which is located in this County, under the ticker symbol “CNV.”

13. Defendant Jean-Charles Naouri (“Naouri”) is, and was at the time of the Offering, Cnova’s Chairman of the Board of Directors (“BOD”) and a director of the Company. Defendant Naouri signed the false and misleading Registration Statement.

14. Defendant Vitor Fagá de Almeida (“Almeida”) is, and was at the time of the Offering, Cnova’s Executive Vice President and Chief Financial Officer (“CFO”). Defendant Almeida signed the false and misleading Registration Statement.

15. Defendant Germán Pasquale Quiroga Vilaro (“Quiroga”) is, and was at the time of the Offering, Cnova’s Co-Chief Executive Officer (“CEO”) (Principal Executive Officer) and a director of the Company. Defendant Quiroga signed the false and misleading Registration Statement.

16. Defendant Emmanuel Grenier (“Grenier”) is, and was at the time of the Offering, Cnova’s Co-CEO. Defendant Grenier signed the false and misleading Registration Statement.

17. Defendant Libano Miranda Barroso (“Barroso”) is, and was at the time of the Offering, a director of the Company. Defendant Barroso signed the false and misleading Registration Statement.

18. Defendant Eleazar de Carvalho Filho (“Filho”) is, and was at the time of the Offering, a director of the Company. Defendant Filho signed the false and misleading Registration Statement.

19. Defendant Didier Lévêque (“Lévêque”) is, and was at the time of the Offering, a director of the Company. Defendant Lévêque signed the false and misleading Registration Statement.

20. Defendant Ronaldo Iabrudi dos Santos Pereira (“Pereira”) is, and was at the time of the Offering, a director of the Company. Defendant Pereira signed the false and misleading Registration Statement.

21. Defendant Arnaud Strasser (“Strasser”) is, and was at the time of the Offering, a director of the Company. Defendant Strasser signed the false and misleading Registration Statement.

22. Defendant Fernando Tracanella (“Tracanella”) is, and was at the time of the Offering, CFO and Human Resources Director of Nova OpCo, a subsidiary of Cnova. Defendant Tracanella signed the false and misleading Registration Statement.

23. Defendant Nicolas Woussen (“Woussen”) is, and was at the time of the Offering, Deputy CEO, Finance, Legal, and HR of Cdiscount, a subsidiary of Cnova.

24. Defendants Almeida, Quiroga, Grenier, Naouri, Barroso, Filho, Lévêque, Pereira, Strasser, Tracanella, and Woussen are referred to collectively as the “Individual Defendants.”

25. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) was an underwriter of the Company’s Offering, and served as a financial advisor and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, Morgan Stanley agreed to purchase 10,050,000 Cnova shares exclusive of the over-allotment option. Morgan Stanley acted as joint book-running manager in the Offering. Defendant Morgan Stanley conducts business in this County.

26. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, J.P. Morgan agreed to purchase 6,030,000 Cnova shares exclusive of the over-allotment option. J.P. Morgan

acted as joint book-running manager in the Offering. Defendant J.P. Morgan conducts business in this County.

27. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, Merrill Lynch agreed to purchase 2,680,000 Cnova shares exclusive of the over-allotment option. Merrill Lynch acted as joint book-running manager in the Offering. Defendant Merrill Lynch conducts business in this County.

28. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, Credit Suisse agreed to purchase 2,680,000 Cnova shares exclusive of the over-allotment option. Credit Suisse acted as joint book-running manager in the Offering. Defendant Credit Suisse conducts business in this County.

29. Defendant Deutsche Bank Securities Inc. (“Deutsche Bank”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, Deutsche Bank agreed to purchase 2,680,000 Cnova shares exclusive of the over-allotment option. Deutsche Bank acted as joint book-running manager in the Offering. Defendant Deutsche Bank conducts business in this County.

30. Defendant BNP Paribas Securities Corp. (“BNP Paribas”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, BNP Paribas

agreed to purchase 670,000 Cnova shares exclusive of the over-allotment option. BNP Paribas acted as a co-manager in the Offering. Defendant BNP Paribas conducts business in this County.

31. Defendant HSBC Securities (USA) Inc. (“HSBC”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, HSBC agreed to purchase 670,000 Cnova shares exclusive of the over-allotment option. HSBC acted as a co-manager in the Offering. Defendant HSBC conducts business in this County.

32. Defendant Natixis Securities Americas LLC (“Natixis”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, Natixis agreed to purchase 670,000 Cnova shares exclusive of the over-allotment option. Natixis acted as a co-manager in the Offering. Defendant Natixis conducts business in this County.

33. Defendant SG Americas Securities, LLC (“SG Americas”) was an underwriter of the Company’s Offering, served as a financial advisor, and assisted in the preparation and dissemination of Cnova’s false and misleading Registration Statement. In the IPO, SG Americas agreed to purchase 670,000 Cnova shares exclusive of the over-allotment option. SG Americas acted as a co-manager in the Offering. Defendant SG Americas conducts business in this County.

34. Defendants Morgan Stanley, J.P. Morgan, Merrill Lynch, Credit Suisse, Deutsche Bank, BNP Paribas, HSBC, and SG Americas are referred to collectively as the “Underwriter Defendants.”

35. Pursuant to the Securities Act, the Underwriter Defendants are liable for the false and misleading statements in the Offering’s Registration Statement and Prospectus. The Underwriter Defendants’ failure to conduct adequate due diligence investigations was a substantial factor leading to the harm complained of herein.

a. The Underwriter Defendants are investment banking houses which specialize, *inter alia*, in underwriting public offerings of securities. They served as the underwriters of the Offering and received, collectively, millions in fees. The Underwriter Defendants determined that in return for their share of the Offering, they were willing to merchandize Cnova securities in the Offering. The Underwriter Defendants arranged a multi-city road show prior to the Offering, during which they, and certain of the Individual Defendants, met with potential investors and presented highly favorable information about the Company, its operations, and its financial prospects.

b. The Underwriter Defendants also demanded and obtained an agreement from Cnova that Cnova would indemnify and hold harmless the Underwriter Defendants from any liability under the federal securities laws. They also made certain that Cnova purchased millions of dollars in directors and officers liability insurance.

c. Representatives of the Underwriter Defendants also assisted Cnova and the Individual Defendants in planning the Offering, and purportedly conducted an adequate and reasonable investigation into the business and operations of Cnova, an undertaking known as a “due diligence” investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the Offering. During the course of their “due diligence,” the Underwriter Defendants had continual access to confidential corporate information concerning Cnova’s business sales model, financial condition, internal controls, and its future business plans and prospects.

d. In addition to availing themselves of access to internal corporate documents, agents of the Underwriter Defendants, including their counsel, met with Cnova’s lawyers, management, and top executives to determine: (i) the strategy to best accomplish the Offering; (ii) the terms of the Offering, including the price at which Cnova’s shares would be

sold; (iii) the language to be used in the Registration Statement; (iv) what disclosures about Cnova would be made in the Registration Statement; and (v) what responses would be made to the SEC in connection with its review of the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants' representatives and Cnova's management and top executives, the Underwriter Defendants knew, or should have known, of Cnova's existing problems and misstatements and omissions contained in the Registration Statement as detailed herein.

36. The Underwriter Defendants caused the Registration Statement to be filed with the SEC and declared effective in connection with offers and sales thereof, including to Plaintiff and the Class.

### **SUBSTANTIVE ALLEGATIONS**

#### **A. CNOVA**

37. Defendant Cnova was founded in 2014 and is headquartered in Schiphol, Netherlands. According to its Registration Statement, Cnova is "one of the largest global eCommerce companies, with operations in Europe, Latin America, Asia and Africa. Among non-travel pure player eCommerce companies, [Cnova is] the sixth largest by sales and the eighth largest by unique monthly visitors." The Company's most significant product categories in terms of Gross Merchandise Value ("GMV") are home appliances, consumer electronics, computers, and home furnishings. The Company's branded sites include Cdiscount, Extra, Casas Bahia, and Ponto Frio. A large portion of Cnova's business is located in Brazil.

#### **B. THE INITIAL PUBLIC OFFERING AND CNOVA'S MATERIALLY MISLEADING AND INCOMPLETE REGISTRATION STATEMENT AND PROSPECTUS**

38. On June 4, 2014, Cnova filed a Registration Statement with the SEC on Form F-1. After several amendments, the Registration Statement was declared effective on November 19,

2014 and the Company filed the final Prospectus for the Offering, which forms part of the Registration Statement on November 21, 2014.

39. On November 20, 2014, Cnova announced the pricing of its IPO of 26,800,000 ordinary shares at a price of \$7.00 per share, resulting in gross proceeds of approximately \$188 million. Cnova's ordinary shares began trading on the NASDAQ Global Select Market under the ticker symbol "CNV."

40. The Registration Statement contained material false and misleading statements and omitted to state other facts necessary to make the statements made not misleading.

41. The Registration Statement stressed the Company's particular strength in Brazil, and emphasized the Company's increased market share and profitability in the Brazilian market.

The Registration Statement stated as follows, in part:

We believe we are the second largest eCommerce company in Brazil, with a GMV CAGR of 49.3% from 2008 to 2013 and an increase in Brazilian market share from approximately 8.0% to approximately 17.0% during that period, based on revenues. For the six months ended June 30, 2014, our Brazilian market share had further increased to approximately 19.0%, based on revenues.

\* \* \*

For the year ended December 31, 2013, approximately 49.0% of our net sales came from our operations in France and approximately 51.0% of our net sales from our operations in Brazil.

\* \* \*

Our net sales increased by €249.2 million, or 9.4%, from €2,649.7 million in 2012 on a *pro forma* basis to €2,898.9 million (\$3,660.7 million) in 2013. Excluding the impact of foreign exchange, on a *pro forma* basis our net sales increased by 17.0%. This increase was primarily the result of an increase in the volume of sales on our direct sales sites, including in Brazil where we realized an increase in conversion rates across all of our sites.

\* \* \*

Our net sales from our Cnova Brazil segment increased by €771.4 million, or 109.1%, from 2012 to 2013. The increase was primarily due to the fact that 2013

was the first full year in which Nova Pontocom's net sales were consolidated in our results of operations. Net sales in Brazil increased by €113.1 million, or 8.3%, in 2012 on a *pro forma* basis to €1,478.5 million (\$1,867.0 million) in 2013. Excluding the impact of foreign exchange, on a *pro forma* basis, our net sales increased by 23.8%. This increase was primarily the result of a higher volume of sales to customers outside of São Paulo and Rio de Janeiro, the traditional hub for our sales. The increase also resulted from an increase in sales of specific products from our consumer electronics products category and an increase in the traffic and conversion rates across all our sites, particularly our Extra site as we increased our price attractiveness to increase traffic.

42. The Registration Statement also made the following representations concerning the Company's reliance on its Brazilian operations:

Our business is dependent on our operations in France and Brazil. For the year ended December 31, 2013, all of our net sales were generated from our operations in those countries.

\* \* \*

As of December 31, 2013, we had 4,246 full-time employees, of whom approximately 24.4% were located in France and 75.6% in Brazil.

\* \* \*

Although we have a strong presence in France, our Brazilian operations form an important part of our business.

43. The above statements were false and misleading because it failed to disclose that, at the time of the Offering, (1) the Company's Brazilian operations were decelerating and (2) the Company maintained inadequate internal controls at its Brazilian operations, specifically, the handling of product returns and damaged product inventory at Cnova's Brazilian distribution centers.

44. In addition, pursuant to Item 303 of Regulation S-K (17 C.F.R. §229.303), issuers are required to disclose events or uncertainties that have caused, or are reasonably likely to cause, the registrant's financial information not to be indicative of future operating results.

Defendants' failure to disclose Cnova's decelerating operations and lack of internal controls violated Item 303.

### C. THE DISCLOSURE OF THE TRUTH AND THE RESULTING FALLOUT

45. On January 29, 2015, Cnova revealed for the first time that its Brazilian operations were in the midst of a marked slowdown. The Company missed the consensus estimate for 4Q14 adjusted EBITDA and announced 1Q15 sales guidance that was much lower than analysts were expecting, €894-925 million versus a consensus of €961-932 million.

46. On January 29, 2015, during the Company's 4Q14 earnings call, Cnova claimed that over the previous three months "the macroeconomic conditions have been changing over the period. And we have been adjusting our expectations according to that." Yet, analysts seemed unconvinced with that response, going as far as to ask the following:

**J.P. Morgan Analyst - Jaime Vázquez:**

[S]ince when have the environment become weaker, because in Q4, you delivered growth very much in line with your budget, both in terms of GMV and net sales, *are you talking about a declaration of conditions in the last two weeks or because we didn't see that deterioration in your numbers in Q4?* So, if you can be a bit more specific on what you have seen in January to make you be so much more prudent versus your initial budget.

[Emphasis Added.]

47. Also on January 29, 2015, Credit Suisse stated that "we are disappointed at this setback especially as this is Cnova's first reported quarter as a public company." Credit Suisse also indicated that the dramatically lower guidance warranted a reduction of its price target for Cnova stock from \$13 to \$8.

48. On January 30, 2015, Deutsche Bank analyst stated that Cnova's "4Q gross profit and EBITDA (peer defined) missed our estimates by 5% and 33%. The company guided to 17% Y/Y revenue growth in 1Q, well below the consensus 25% expectation, and flowing this lower

growth trajectory through the model has caused a significant reduction to 2015 and 2016 estimates, as we had feared.”

49. On this news, the stock fell from \$7.37 to \$5.50 a share, a drop of over 25%, over the course of two days.

50. Then, on December 18, 2015, post-market, Cnova announced that the Company's Board of Directors has engaged legal advisors and external forensic accountants to perform a review of issues in connection with employee misconduct related to inventory management predominantly in Brazil. The Company's press release stated the following:

[Cnova] announced that its Board of Directors has engaged legal advisors and external forensic accountants to perform a review of issues in connection with employee misconduct related to inventory management. The issues identified primarily involve the handling of product returns and damaged product inventory at distribution centers of Cnova's Brazilian subsidiary, Cnova Comércio Eletrônico S.A. (Cnova Brazil). The investigation will also assess any accounting and financial statement impact of the conduct under review. Cnova's Board and its Audit Committee will liaise as appropriate with and benefit from the active support of the Brazil-based Audit Committee of Companhia Brasileira de Distribuição (CBD), Cnova's Brazilian controlling shareholder. The investigation is ongoing and, at this stage, it is still too early to foresee when it will be completed or what actions, if any, may be taken by Cnova and its affiliates.

51. On this news, Cnova stock fell \$0.53, or nearly 18%, to close at \$2.42 on December 21, 2015.

52. On December 21, 2015, Morgan Stanley analysts stated the following concerning the investigation:

The scale and implications of this investigation will not be clear until a full inventory assessment has been made over the next couple of weeks. We see two key issues. (1) Materiality in terms of cash flow, inventory, potential provisioning and its impact on earnings; (2) Wider implications for company management, oversight, audit controls and investor confidence.

\* \* \*

At this stage the investigation centers on returned/damaged goods in 2

warehouses in Brazil. Theoretically, this would account for ~5-10% of net inventories that Cnova reported as €436m at the end of September, assuming average industry metrics. Applying a similar GMV split (due to similar products) implies ~€200m of inventories in Brazil, that would scale this issue up to ~€20m.

### **CLASS ACTION ALLEGATIONS**

53. Plaintiff brings this action as a class action on behalf of a class consisting of all those who purchased Cnova shares pursuant or traceable to the Company's Offering and Registration Statement 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.

54. The members of the Class are so numerous that joinder of all members is impracticable. 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 thousands of members in the proposed Class. The proposed Class may be identified from records maintained by Cnova 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.

55. 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.

56. 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.

57. 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 the Registration Statement contained materially false and misleading statements and omissions; and

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

58. 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 make 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.

**FIRST CLAIM**  
**Violations of Section 11 of the Securities Act Against All Defendants**

59. Plaintiff repeats and re-alleges each and every allegation contained above, as though fully set forth herein.

60. This Claim is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against each of the Defendants.

61. The Registration Statement was inaccurate and misleading, contained untrue statements of material facts, and omitted facts necessary to make the statements made therein not misleading and omitted to state material facts required to be stated therein.

62. Defendant Cnova is the issuer of the securities purchased by Plaintiff and the Class. As such, Cnova is strictly liable for the materially inaccurate statements contained in the Registration Statement and the failure of the Registration Statement to be complete and accurate.

63. The Individual Defendants each signed the Registration Statement. The Individual Defendants each had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Registration Statement. They had a duty to ensure that they were true and accurate, that there were no omissions of material facts that would make the Registration Statement misleading, and that the document contained all facts required to be stated therein. In the exercise of reasonable care, the Individual Defendants should have known of the material misstatements and omissions contained in the Registration Statement and also should have known of the omissions of material fact necessary to make the statements made therein not misleading. As such, the Individual Defendants are liable to Plaintiff and the Class.

64. The Underwriter Defendants each served as underwriters in connection with the Offering. These defendants each had a duty to make a reasonable and diligent investigation of

the truthfulness and accuracy of the statements contained in the Registration Statement. They had a duty to ensure that they were true and accurate, that there were no omissions of material facts that would make the Registration Statement misleading and that the documents contained all facts required to be stated therein. In the exercise of reasonable care, the Underwriter Defendants should have known of the material misstatements and omissions contained in the Registration Statement and also should have known of the omissions of material facts necessary to make the statements made therein not misleading. As such, the Underwriter Defendants are liable to Plaintiff and the Class.

65. By reasons of the conduct herein alleged, each Defendant violated §11 of the Securities Act.

66. Plaintiff acquired Cnova shares in reliance on the Registration Statement and without knowledge of the untruths and/or omissions alleged herein. Plaintiff sustained damages and the price of Cnova shares declined substantially due to material misstatements in the Registration Statement.

67. This action was brought within one year after the discovery of the untrue statements and omissions, and within three years of the date of the Offering.

68. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled to damages under §11 as measured by the provisions of §11(e), from the Defendants and each of them, jointly and severally.

**SECOND CLAIM**  
**Violations of Section 12(a)(2) of the Securities Act Against All Defendants**

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

70. Defendants were sellers, offerors, and/or solicitors of purchasers of the Cnova securities offered pursuant to the Offering. Defendants issued, caused to be issued, and signed the Registration Statement in connection with the Offering. The Registration Statement was used to induce investors, such as Plaintiff and the other members of the Class, to purchase Cnova securities.

71. The Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted material facts required to be stated therein. Defendants' actions of solicitation included participating in the preparation of the false and misleading Registration Statement.

72. As set forth more specifically above, the Registration Statement contained untrue statements of material fact and omitted to state material facts necessary in order to make the statements, in light of circumstances in which they were made, not misleading.

73. Plaintiff and the other Class members did not know, nor could they have known, of the untruths or omissions contained in the Registration Statement.

74. The Defendants were obligated to make a reasonable and diligent investigation of the statements contained in the Registration Statement to ensure that such statements were true and that there was no omission of material fact required to be stated in order to make the statements contained therein not misleading. None of the Defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were accurate and complete in all material respects. Had they done so, these Defendants could have known of the material misstatements and omissions alleged herein.

75. This claim was brought within one year after discovery of the untrue statements and omissions in the Registration Statement and within three years after Cnova securities were sold to the Class in connection with the Offering.

### **THIRD CLAIM**

#### **For Violation of Section 15 of the Securities Act Against the Individual Defendants**

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

77. The Individual Defendants were controlling persons of Cnova within the meaning of §15 of the Securities Act. By reason of their ownership, senior management positions and/or directorships at the Company, as alleged above, these defendants, individually and acting pursuant to a common plan, had the power to influence, and exercised the same, to cause Cnova to engage in the conduct complained of herein. By reason of such conduct, the Individual Defendants are liable pursuant to §15 of the Securities Act.

78. By reason of such wrongful conduct, the Individual Defendants are liable pursuant to §15 of the Securities Act. As a direct and proximate result of the wrongful conduct, Class members suffered damages in connection with their purchases of the Company's securities.

#### **REQUEST FOR RELIEF**

WHEREFORE, Plaintiff prays for judgment as follows:

- A. Declaring this action to be a proper class action and certifying Plaintiff as Class representative;
- B. Awarding Plaintiff and other members of the Class compensatory damages;
- C. Awarding Plaintiff and other members of the Class rescission on their §12(a)(2) claims;
- D. Awarding Plaintiff and other members of the Class pre-judgment and post-judgment interest, as well as reasonable attorneys' fees, expert witness fees, and other costs and disbursements; and

- E. Awarding Plaintiff and other members of the Class any other relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: January \_\_\_, 2016