UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

PLAINTIFF, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. SANTANDER CONSUMER USA HOLDINGS INC., THOMAS G. DUNDON, ISMAIL DAWOOD, JASON KULAS, and JENNIFER DAVIS, Defendants.	Case No.: **JURY TRIAL DEMANDED**

CLASS ACTION COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES LAWS

Plaintiff, by and through her attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, her counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by SANTANDER CONSUMER USA HOLDINGS INC. ("Santander" or the "Company"), with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by Santander; and (c) review of other publicly available information concerning Santander.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of purchasers of Santander securities between February 3, 2015 and March 15, 2016, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Santander is the holding company for Santander Consumer USA Inc., an Illinois corporation, and subsidiaries, a specialized consumer finance company focused on vehicle finance and unsecured consumer lending products. The Company's primary business is the indirect origination of retail installment contracts principally through manufacturer-franchised dealers in connection with their sale of new and used vehicles to retail consumers.

3. On February 29, 2016, after the market closed, the Company filed a NT 10-K with the SEC on Form 12b-25 revealing that Santander was unable to timely file its Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2015 because the Company's financial statements had not yet been completed. According to the Company, it has an open comment letter from the Division of Corporation Finance of the SEC on the Company's Form 10-K for the fiscal year ended December 31, 2014 and Form 10-Q for the quarter ended September 30, 2015 with respect to the Company's credit loss allowance, including the removal of seasonality and the increase in troubled debt restructuring ("TDR") impairment during the quarter ended September 30, 2015 as well as certain TDR disclosures in both periods. According to the Company, it is still discussing these matters with the SEC and its independent accounting firm and will file the Form 10-K as soon as possible.

4. On March 15, 2016, the Company revealed that the Company was unable to meet the March 15, 2016, extended filing deadline for its 2015 Annual Report because it was still unable to complete its financial statements. According to the Company, it still has an open

comment letter from the Division of Corporation Finance of the SEC on the Company's Form 10-K for the fiscal year ended December 31, 2014 and Form 10-Q for the quarter ended September 30, 2015 with respect to estimating the Company's credit loss allowance, including the removal of seasonality and the increase in TDR impairment during the quarter ended September 30, 2015 as well as certain TDR disclosures. According to the Company, as a result of the review, the Company is changing its methodology for estimating credit loss allowance on individually acquired retail installment contracts and will correct prior periods in Item 9B in the Form 10-K. On March 15, 2016, the Company notified the New York Stock Exchange ("NYSE") that it is not in compliance with Rule 8.01E of the NYSE's listed company manual as a result of its failure to file the Form 10-K within the extended time period.

5. On this news, the Company's shares fell $1.70 per share, or 16%, over two trading sessions to close on March 16, 2016, at $9.00 per share, on high trading volume.

6. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose: (1) that the Company's methodology for estimating credit loss allowance on individually acquired retail installment contracts was improper; (2) that, as a result, the Company's would need to correct its previously issued financial statements; and (3) that, as a result of the foregoing, Defendants' statements about Santander's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

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

JURISDICTION AND VENUE

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

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

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

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

PARTIES

12. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Santander shares during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

13. Defendant Santander is a Delaware corporation with its principal executive offices located at 1601 Elm Street, Suite 800, Dallas, Texas 75201.

14. Defendant Thomas G. Dundon ("Dundon") was, at all relevant times, Chief Executive Officer ("CEO"), and a director of Santander until July 2, 2015.

15. Defendant Ismail Dawood ("Dawood") was, at all relevant times, Chief Financial Officer ("CFO") of Santander since December 16, 2015.

16. Defendant Jason A. Kulas ("Kulas") was, at all relevant times, CEO, and a director of Santander since July 2, 2015. From January 2007 to July 2, 2015, Defendant Kulas was also Chief Financial Officer ("CFO") of Santander.

17. Defendant Jennifer Davis (formerly Jennifer Popp) ("Davis"), also was, at all relevant times, interim CFO of Santander from July 2, 2015 until December 16, 2015. Prior to July 2015 and after December 16, 2015, Defendant Davis, was Deputy CFO of Santander.

18. Defendants Dundon, Dawood, Kulas, and Davis are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Santander's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. Each defendant was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were

each "group-published" information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

19. Santander is the holding company for Santander Consumer USA Inc., an Illinois corporation, and subsidiaries, a specialized consumer finance company focused on vehicle finance and unsecured consumer lending products. The Company's primary business is the indirect origination of retail installment contracts principally through manufacturer-franchised dealers in connection with their sale of new and used vehicles to retail consumers.

Materially False and Misleading Statements Issued During the Class Period

20. The Class Period begins on February 3, 2015. On that day, Santander issued a press release entitled, "Santander Consumer USA Holdings Inc. Reports Fourth Quarter and Full Year 2014 Results." Therein, the Company, in relevant part, stated:

> Santander Consumer USA Holdings Inc. (NYSE: SC) ("SCUSA") today announced net income for fourth quarter 2014 of $247.0 million, or $0.69 per diluted common share, up from the third quarter 2014 net income of $191.4 million, or $0.54 per diluted common share, and up from fourth quarter 2013 net income attributable to SCUSA shareholders of $113.9 million, or $0.33 per diluted common share.
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> **Fourth Quarter 2014 Key Highlights:**
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> - **Return on average equity of 29.1%,** up from 23.9% in prior quarter and 17.3% in prior year fourth quarter
> - **Return on average assets of 3.1%,** up from 2.5% in prior quarter and 1.8% in prior year fourth quarter
> - **Total originations of $6.1 billion,** seasonally down from $7.4 billion in prior quarter and up from $5.8 billion in prior year fourth quarter
> - **Managed assets of $41.2 billion,** up from $40.4 billion as of prior quarter-end and $30.0 billion as of prior year-end
> - **Net charge-off ratio of 8.6%,** seasonally up from 8.4% in prior quarter and up from 8.1% in prior year fourth quarter

- **Provision for credit losses of $560 million,** down from $770 million in the prior quarter and $629 million in prior year fourth quarter
- **Efficiency ratio of 19.1%,** up from 16.0% in prior quarter, and in line with 19.2% in prior year fourth quarter
- **Unsecured loans of $1.8 billion**, up from $1.3 billion as of prior quarter-end and $954 million as of prior year-end

Net income for the full year 2014 was $766.3 million, or $2.15 per diluted common share. Core net income for the full year 2014 was $842.2 million, or $2.37 per diluted common share, up from prior year net income attributable to SCUSA shareholders of $697.5 million, or $2.01 per diluted common share.

"We are pleased to report strong results both for the quarter and for the year, well ahead of our objective set at the beginning of last year with core EPS[1] growth of 18 percent. The annual results included strong origination volumes, growth in the serviced for others portfolio and industry-leading efficiency despite an increase in regulatory and compliance costs. In 2015, we will continue to focus on optimizing the mix of retained assets versus those sold and serviced for others, continuing our presence in prime auto and unsecured consumer markets and efficiently funding our business," said Tom Dundon, Chairman and Chief Executive Officer.

In the fourth quarter, total originations were $6.1 billion, including $2.4 billion in Chrysler retail loans, $722 million in Chrysler leases originated for our own portfolio, and $565 million in Chrysler lease originations facilitated for an affiliate. Other originations, including other auto and unsecured consumer loans, totaled $2.5 billion for the fourth quarter 2014. For the full year 2014, origination volume was $27.5 billion, including more than $11.5 billion in Chrysler retail loans, $4.5 billion in Chrysler leases originated for our own portfolio, and $2.2 billion in Chrysler lease and dealer loan originations facilitated for an affiliate. Other originations, including other auto and unsecured consumer loans, for the full year 2014 totaled $9.4 billion. Total originations for the full year 2014 grew 33 percent compared to the full year 2013.

Finance receivables, loans and leases, net[2], increased 6 percent to $28.8 billion at December 31, 2014 from $27.3 billion at September 30, 2014 and increased 23 percent from $23.4 billion at December 31, 2013, driven by Chrysler Capital and unsecured consumer lending. Compared to the third quarter 2014, the fourth quarter excluded an off-balance sheet securitization due to timing, therefore, SCUSA retained higher quality assets on balance sheet at quarter-end. SCUSA's retained portfolio average APR as of the end of the fourth quarter for retail installment contracts was 16.0 percent, down from 16.3 percent as of the end of the third quarter 2014 and the end of the fourth quarter 2013.

Net finance and other interest income increased 13 percent to $1.1 billion in the fourth quarter 2014 from $953 million in the fourth quarter 2013, driven by a 25 percent growth in the average portfolio. The provision for credit losses decreased to $560 million in the fourth quarter 2014, from $770 million in the third quarter 2014, and $629 million in the fourth quarter 2013. The quarter-over-quarter provision decrease was primarily driven by positive model impacts and a decrease in months' coverage, partially offset by expected seasonal patterns in charge-offs. The allowance for loan losses remained flat at $3.1 billion quarter-over-quarter. The allowance for loans ratio[3] decreased to 11.5 percent as of December 31, 2014 from 12.1 percent as of September 30, 2014.

"After reviewing underlying metrics and trends, our data supported a decrease in months' coverage on our auto portfolio, leading to an $0.11 EPS increase. Based on the trends we are seeing in the market as well as in our portfolio, we remain confident in the adequacy of our coverage," said Jason Kulas, President and Chief Financial Officer.

Consistent with expected seasonal patterns, SCUSA's net charge-off ratio increased slightly to 8.6 percent for the fourth quarter 2014 from 8.4 percent for the third quarter 2014, and increased from 8.1 percent for the fourth quarter 2013. Additionally, SCUSA's delinquency ratio increased moderately to 4.5 percent as of the end of the fourth quarter 2014 from 4.1 percent at the end of the third quarter 2014, and is in line with 4.5 percent delinquency ratio as of the end of the fourth quarter 2013.

During the quarter, SCUSA incurred $230 million of operating expenses, up 14 percent from $203 million in the fourth quarter 2013, primarily due to SCUSA's strong asset growth on and off-balance sheet over the previous year, leading to higher headcount. Consistent with seasonal trends of increased servicing expenses at the end of the year, fourth quarter 2014 operating expenses increased 14 percent from $202 million in the third quarter 2014. SCUSA produced a 19.1 percent efficiency ratio for the quarter, compared to 19.2 percent in the same period last year, evidencing our continued ability to scale despite an increase in regulatory and compliance costs.

During the quarter, SCUSA continued to demonstrate consistent access to liquidity with the execution of a $1 billion securitization from SDART[4], a $700 million increased capacity in private term amortizing facilities and an additional $500 million in warehouse borrowing capacity.

Additionally, SCUSA continued to focus on the growth of its capital-light, higher ROE serviced for others platform by completing loan sales of $1.1 billion through monthly loan sale programs to Bank of America and Citizens Bank of Pennsylvania, and facilitating $565 million of lease originations for an affiliate. For the full year 2014, SCUSA sold or facilitated originations of $9.2 billion to third parties or to an affiliate. Servicing fee income totaled $19.6 million in the fourth quarter 2014, up from $4.5 million in the fourth quarter 2013 primarily due to the increase in the portfolio of loans and leases serviced for others to $10.3

billion as of December 31, 2014 from $4.5 billion as of December 31, 2013. During the fourth quarter 2014, SCUSA's serviced for others portfolio increased slightly from $10.2 billion at September 30, 2014 and servicing fee income was relatively flat quarter-over-quarter due to SCUSA's transferring the servicing of $878 million in dealer loans held by an affiliate, the absence of an off-balance sheet securitization and normal portfolio runoff. For the fourth quarter 2014, net investment gains, which primarily consist of gains on sale, totaled $21.3 million, down from $38.0 million in the third quarter 2014 and $31.7 million in the fourth quarter 2013, driven by the timing of asset sales.

> [1] For a reconciliation from GAAP to this non-GAAP measure, see "Reconciliation of Non-GAAP Measures" on Page 14 of this release.
> [2] Includes Receivables held for sale, Retail installment contracts held for investment, Unsecured consumer loans, Receivables from dealers held for investment, Leased vehicles and Capital lease receivables
> [3] Excluding impairment on our purchased receivables portfolios
> [4] Net bonds sold of $941 million

(Emphasis in original).

21. On March 2, 2015, Santander filed its Annual Report with the SEC on Form 10-K for the fiscal year ended December 31, 2014. The Company's Form 10-K was signed by Defendants Dundon and Kulas, and reaffirmed the Company's statements announced in the press release issued February 3, 2015.

22. On April 28, 2015, Santander issued a press release entitled, "Santander Consumer USA Holdings Inc. Reports First Quarter 2015 Results." Therein, the Company, in relevant part, stated:

> Santander Consumer USA Holdings Inc. (NYSE: SC) ("SCUSA") today announced net income for first quarter 2015 of $289.2 million, or $0.81 per diluted common share, up from the fourth quarter 2014 net income of $247.0 million, or $0.69 per diluted common share, and up from first quarter 2014 net income of $81.5 million, or $0.23 per diluted common share. Core net income[1] for the first quarter 2014 was $157.3 million, or $0.44 per diluted common share, which translates to a year-over-year core net income[1] growth of 84 percent.
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> **First Quarter 2015 Key Highlights:**
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> - **Return on average equity of 31.2%**, up from 29.1% in prior quarter and 11.6% in prior year first quarter. Core return on average equity[1] for prior year first quarter 2014 was 22.4%.

- **Return on average assets of 3.5%**, up from 3.1% in prior quarter and 1.2% in prior year first quarter. Core return on average assets[1] for the first quarter 2014 was 2.3%.
- **Total originations of $7.4 billion**, up from $6.1 billion in prior quarter and in line with $7.3 billion originated in prior year first quarter.
- **Asset sales of $1.5 billion**, up from $1.1 billion in prior quarter and down from $1.7 billion in prior year first quarter.
- **Managed assets of $46.6 billion**, up from $43.5 billion as of prior year-end.
- **Net charge-off ratio of 6.7%**, down from 8.6% in prior quarter and up from 6.4% in prior year first quarter.
- **Provision for credit losses of $606 million**, up from $560 million in the prior quarter and down from $699 million in prior year first quarter.
- **Expense ratio of 2.2%**, in line with 2.2% in prior quarter and down from 3.8% in prior year first quarter. Core expense ratio[1] for the first quarter 2014 was 2.4%.
- **Efficiency ratio of 18.9%**, down from 19.1% in prior quarter and 27.0% in prior year first quarter. Core efficiency ratio[1] for the first quarter 2014 was 16.9%.

"We are pleased to announce a strong start to the year with first quarter net income of $289 million and core net income[1] growth of 84 percent year over year. We are producing strong returns on an increasing capital base, and these results reflect our continued ability to achieve profitable growth and display the stability and improved performance we've seen in the market. In this quarter, we continued to optimize our retained mix of assets highlighted by the increase in both retained assets and assets sold to new and existing third-party buyers," said Tom Dundon, Chairman and Chief Executive Officer.

In the first quarter, total originations were $7.4 billion, including $2.5 billion in Chrysler retail loans, $1.1 billion in Chrysler leases originated for our own portfolio, and $404 million in Chrysler lease originations facilitated for an affiliate. Other originations, including other auto and personal loans, totaled $3.4 billion for the first quarter 2015. First quarter auto originations saw a seasonal benefit due to tax refund season, while personal lending originations saw a seasonal decline due to seasonal retail patterns.

Finance receivables, loans and leases, net[2], increased 7 percent to $30.7 billion at March 31, 2015, from $28.8 billion at December 31, 2014, and increased 21 percent from $25.3 billion at March 31, 2014. SCUSA's retained average APR as of the end of the first quarter 2015 for retail installment contracts held for investment was 16.6 percent, up from 16.0 percent as of the end of the fourth quarter 2014 and up from 16.3 percent as of the end of the first quarter 2014. Portfolio trends are reflective of the mix of assets retained at the end of each quarter which can be affected by the credit quality and timing of asset sales, as well as normal seasonality of the business.

Net finance and other interest income increased 10 percent to $1.1 billion in the first quarter 2015 from $1.0 billion in the first quarter 2014, driven by growth in the average portfolio. The provision for credit losses increased to $606 million in the first quarter 2015, from $560 million in the fourth quarter 2014, and decreased from $699 million in the first quarter 2014. The quarter-over-quarter provision increase was primarily driven by higher retained asset balances and retained portfolio mix, both of which are accretive to future earnings. The allowance for loan losses increased marginally to $3.2 billion quarter-over-quarter. The allowance to loans ratio[3] remained flat at 11.5 percent as of March 31, 2015 from 11.5 percent as of December 31, 2014.

"Higher asset balances and the mix of retained assets during the quarter led to a marginal provision build versus prior quarter. Given there is an interrelationship among volume, retained portfolio mix, provision and profit, we should see a benefit to future earnings from both higher average assets and the mix of those assets," said Jason Kulas, President and Chief Financial Officer.

Consistent with expected seasonal patterns, SCUSA's net charge-off ratio decreased to 6.7 percent for the first quarter 2015 from 8.6 percent for the fourth quarter 2014, and increased from 6.4 percent for the first quarter 2014, primarily due to aging of the overall portfolio and portfolio mix. Additionally, SCUSA's delinquency ratio decreased to 3.2 percent as of the end of the first quarter 2015 from 4.5 percent at the end of the fourth quarter 2014, comparable to the 3.1 percent delinquency ratio as of the end of the first quarter 2014.

During the quarter, SCUSA incurred $245 million of operating expenses, up 6 percent from $230 million in the fourth quarter 2014, and down 23 percent from $318 million in the first quarter 2014. First quarter 2015 operating expenses were up 24 percent from core operating expenses[4] in the first quarter 2014 of $199 million, primarily due to SCUSA's strong managed asset growth over the previous year, leading to higher headcount. SCUSA produced a 2.2 percent expense ratio for the quarter, down from 3.8 percent expense ratio and 2.4 percent core expense ratio[1] in the same period last year despite an increase in regulatory and compliance costs.

During Q1 2015, SCUSA executed two securitizations totaling $2.0 billion[5] and advanced $1.1 billion on private term amortizing facilities. During the quarter, SCUSA continued to show funding diversification by relaunching the DRIVE securitization platform and executing the first DRIVE transaction since 2006 to meet investor demand.

Additionally, SCUSA continued to focus on its forward flow relationships to leverage its servicing platform and increase servicing fee income. During the quarter, SCUSA grew its relationships and completed a $561 million[6] lease sale as well as a bankruptcy sale of charged off assets for $38 million in proceeds. In addition, SCUSA sold $919 million of assets through monthly loan sale programs to existing flow partners. Servicing fee income totaled $24.8 million in the first quarter 2015, up from $10.4 million in the first quarter 2014 primarily due to the increase in the portfolio of loans and leases serviced for others to $11.2 billion as of March 31, 2015, up from $6.2 billion as of March 31, 2014. For the first quarter 2015, net investment gains, which primarily consist of gains on sale, totaled $21.2 million, flat with $21.3 million in the fourth quarter 2014 and down from $35.8 million in the first quarter 2014, driven mostly by the timing of asset sales[7].

[1] For a reconciliation from GAAP to this non-GAAP measure, see "Reconciliation of Non-GAAP Measures" on Page 14 of this release.
[2] Includes Finance receivables held for investment, Finance receivables held for sale and Leased vehicles
[3] Excludes purchased receivables portfolio and finance receivables held for sale.
[4] For a reconciliation from GAAP to this non-GAAP measure, see "Reconciliation of Non-GAAP Measures" on Page 14 of this release.
[5] Net bonds sold of $1.96 billion of total $2.03 billion offered.
[6] Depreciated net cap cost.
[7] The absence of a CCART transaction in the first quarter 2015 compared to the first quarter 2014 explains the reduction in net investment gains year-over-year. SCUSA executed a CCART transaction at the beginning of the second quarter 2015

(Emphasis in original).

23. On April 29, 2015, Santander filed an Quarterly Report on Form 10-Q with the SEC for the 2015 fiscal first quarter. The Company's Form 10-Q was signed by Defendants Dundon and Kulas, and reaffirmed the Company's statements announced in the press release issued April 28, 2015.

24. On July 30, 2015, Santander issued a press release entitled, "Santander Consumer USA Holdings Inc. Reports Second Quarter 2015 Results." Therein, the Company, in relevant part, stated:

Santander Consumer USA Holdings Inc. (NYSE: SC) ("SCUSA") today announced net income for second quarter 2015 of $285.5 million, or $0.79 per diluted common share, up 16 percent from second quarter 2014 net income of $246.5 million, or $0.69 per diluted common share. First quarter 2015 net income was $289.2 million, or $0.81 per diluted common share.

Second Quarter 2015 Key Highlights:

- **Total originations of $7.6 billion**, up from $7.4 billion originated in prior quarter and $6.7 billion originated in prior year second quarter
- **Asset sales of $2.8 billion**, up from $1.5 billion in prior quarter and $1.8 billion in prior year second quarter
- **Serviced for others portfolio of $13.1 billion**, up from $11.2 billion in prior quarter and $8.0 billion in prior year second quarter
- **Managed assets of $49.6 billion,** up from $46.6 billion in the prior quarter and $38.6 billion in prior year second quarter
- **Net charge-off ratio of 5.3%**, down from 6.7% in prior quarter and 5.8% in prior year second quarter
- **Return on average equity of 28.2%**, down from 31.2% in prior quarter and 33.0% in prior year second quarter
- **Return on average assets of 3.2%**, down from 3.5% in prior quarter and 3.4% in prior year second quarter
- **Provision for credit losses of $739 million**, up from $606 million in the prior quarter and $589 million in prior year second quarter
- **Expense ratio of 2.1%**, down from 2.2% in prior quarter and 2.3% in prior year second quarter

"Our company achieved strong results this quarter, producing a 16 percent year-over-year growth in net income. This evidences our robust business model and our team's ability to produce results. We continued to execute against our stated strategy of optimizing the mix of retained assets versus assets sold and serviced for others by originating more than $7.6 billion and selling more than $2.8 billion in assets, further strengthening our balance sheet while growing our consumer finance marketplace. We are confident the effective execution of this strategy will lead to continued growth in the serviced for others portfolio while generating attractive balance sheet returns as well as capital-light fee income," said Jason Kulas, Chief Executive Officer.

In the second quarter, total originations were more than $7.6 billion, including $2.7 billion in Chrysler Capital ("Chrysler") retail loans, $1.4 billion in Chrysler leases originated for our own portfolio, and $229 million in Chrysler lease originations facilitated for an affiliate. Other originations, including other auto and personal loans, totaled $3.3 billion for the second quarter 2015. Second quarter auto originations continued to see a seasonal benefit due to the tax refund season. Personal lending originations increased from a seasonal low in the first quarter, in line with the prior year second quarter.

Finance receivables, loans and leases, net[1], increased 9 percent to $31.5 billion at June 30, 2015, from $28.8 billion at December 31, 2014, and increased 19 percent from $26.5 billion at June 30, 2014. Net finance and other interest income increased 16 percent to $1.3 billion in the second quarter 2015 from $1.1 billion in the second quarter 2014, driven by 20 percent growth in the average portfolio. SCUSA's average APR as of the end of the second quarter 2015 for retail installment contracts held for investment was 16.9 percent, up from 16.6 percent as of the end of the first quarter 2015 and 16.3 percent as of the end of the second quarter 2014.

Portfolio trends are reflective of the mix of assets retained at the end of each quarter, which are affected by the credit quality and timing of asset sales, as well as normal seasonality of the business.

The provision for credit losses increased to $739 million in the second quarter 2015, from $606 million in the first quarter 2015, and $589 million in the second quarter 2014. The allowance ratio[2] increased to 12.4 percent as of June 30, 2015 from 11.5 percent as of March 31, 2015 and 11.4 percent as of June 30, 2014. The increases from prior quarter were primarily driven by seasonality in our forward looking model, as well as a higher margin retained portfolio mix, which is accretive to future earnings. The increase from prior year is primarily driven by the designation of additional assets as held for sale, as well as higher margin retained portfolio mix.

"The second quarter is largely affected by the seasonality of the provision model, however, it is important to note credit trends are stable and in line with seasonality, the market is competitive, but rationally competitive, and performance is in line or slightly better than management expectations. Higher retained nonprime assets with higher yields are contributing to more revenue and a short-term increase in provisions," said Mr. Kulas.

Consistent with expected seasonal patterns, SCUSA's net charge-off ratio decreased to 5.3 percent for the second quarter 2015 from 6.7 percent for the first quarter 2015, and 5.8 percent for the second quarter 2014; net charge-off performance benefited from bankruptcy and deficiency sale recoveries. Even excluding these bankruptcy and deficiency sales, credit performance remained slightly better year over year, due to better loan structures. SCUSA's loan delinquency ratio increased to 3.6 percent as of the end of the second quarter 2015 from 3.2 percent at the end of the first quarter 2015, comparable to the 3.8 percent loan delinquency ratio as of the end of the second quarter 2014.

During the quarter, SCUSA incurred $253 million of operating expenses, up 20 percent from $211 million in the second quarter 2014, primarily attributable to a higher headcount, a result of SCUSA's strong managed asset growth over the previous year. SCUSA produced a 2.1 percent expense ratio for the quarter, down from a 2.3 percent expense ratio in the same period last year as we recognize the benefits of scalability from larger managed assets, which should partially offset the impact of any future additional regulatory or compliance costs. SCUSA expects expenses to increase in the back half of the year as credit trends worsen, in line with normal seasonality of the business.

During the quarter, SCUSA executed four securitizations, totaling $4.5 billion[3], including a CCART securitization sold through the residual, as well as a series of subordinate bond transactions on the SDART platform to fund residual interests from existing securitizations. Additionally, SCUSA advanced $1.5 billion on new and existing private term amortizing facilities and revolving facilities.

In line with SCUSA's strategy to leverage its servicing platform and increase servicing fee income, SCUSA executed asset sales of $2.8 billion during the quarter. In addition to selling $995 million of assets through existing monthly loan sale programs, $732 million in assets through a CCART securitization and $756 million[4] in leases, SCUSA expanded its asset marketplace with the completion of a $253 million sale of prime auto retail installment contracts as well as bankruptcy and deficiency sales realizing $66 million in proceeds.

Servicing fee income totaled $28.0 million in the second quarter 2015, up from $22.1 million in the second quarter 2014, primarily due to the increase in the portfolio of loans and leases serviced for others to $13.1 billion as of June 30, 2015, up from $8.0 billion as of June 30, 2014. For the second quarter 2015, net investment gains, which primarily consist of gains on sale, totaled $86.7 million, up from $21.2 million in the first quarter 2015 and $21.6 million in the second quarter 2014, driven mostly by the timing of asset sales and the execution of a CCART securitization.

[1] Includes Finance receivables held for investment, Finance receivables held for sale and Leased vehicles.
[2] Excludes purchased receivables portfolio and finance receivables held for sale.
[3] Net bonds sold of $4.1 billion.
[4] Depreciated net capitalized cost.

25. On August 10, 2015, Santander filed an Quarterly Report on Form 10-Q with the SEC for the 2015 fiscal second quarter. The Company's Form 10-Q was signed by Defendants Kulas and Davis, and reaffirmed the Company's statements announced in the press release issued July 30, 2015.

26. On October 29, 2015, Santander issued a press release entitled, "Santander Consumer USA Holdings Inc. Reports Third Quarter 2015 Results." Therein, the Company, in relevant part, stated:

Santander Consumer USA Holdings Inc. (NYSE: SC) ("SC") today announced net income for third quarter 2015 of $223.9 million, or $0.62 per diluted common share, up 17 percent from third quarter 2014 net income of $191.4 million, or $0.54 per diluted common share, and down 22 percent from second quarter 2015 net income of $285.5 million, or $0.79 per diluted common share.

Third Quarter 2015 Key Highlights:

- **Total originations of $7.6 billion**, in line with $7.6 billion originated in prior quarter and up from $7.4 billion originated in prior year third quarter
- **Asset sales of $3.1 billion**, up from $2.8 billion in prior quarter and $2.4 billion in prior year third quarter
- **Serviced for others portfolio of $14.8 billion**, up from $13.1 billion in prior quarter and $10.2 billion in prior year third quarter
- **Managed assets of $52.1 billion,** up from $49.6 billion in the prior quarter and $42.1 billion in prior year third quarter
- **Net charge-off ratio of 14.4%**; adjusted net charge-off ratio[1] of 8.7% excluding non-recurring lower of cost or market adjustments on loans sold and held for sale, up from 5.3% in prior quarter and 8.4% in prior year third quarter
- **Return on average equity of 21.1%**, down from 28.2% in prior quarter and 23.9% in prior year third quarter
- **Return on average assets of 2.5%**, down from 3.2% in prior quarter and in line with 2.5% in prior year third quarter
- **Provision for credit losses of $744 million**, up from $739 million in the prior quarter and down from $770 million in prior year third quarter
- **Expense ratio of 2.3%**; adjusted expense ratio[1] of 2.1% excluding non-recurring expense related to former CEO departure, in line with 2.1% in prior quarter and up from 2.0% in prior year third quarter

"*We are pleased to report another strong quarter, as we continue to execute against our stated strategy of optimizing the mix of retained assets versus assets sold and serviced for others. During the quarter, we originated more than $7.6 billion and sold more than $3.1 billion in assets, further strengthening our balance sheet while growing our consumer finance marketplace. We will continue to focus on optimizing this mix, and will maintain our commitment to generating value for our shareholders,*" said Jason Kulas, Chief Executive Officer.

In the third quarter, total originations were more than $7.6 billion, including $3.1 billion in Chrysler Capital retail loans and $1.6 billion in Chrysler Capital leases originated. Other originations, including other auto and personal loans, totaled $2.9 billion for the third quarter 2015. Incentives on certain vehicle models drove strong prime auto originations in the third quarter.

Finance receivables, loans and leases, net[2], increased 12 percent to $32.3 billion at September 30, 2015, from $28.8 billion at December 31, 2014, and increased 18 percent from $27.3 billion at September 30, 2014. Net finance and other interest income increased 14 percent to $1.3 billion in the third quarter 2015 from $1.1 billion in the third quarter 2014, driven by 17 percent growth in the average portfolio. SC's average APR as of the end of the third quarter 2015 for retail installment contracts held for investment was 16.9 percent, unchanged from 16.9 percent as of the end of the second quarter 2015 and up from 16.3 percent as of the end of the third quarter 2014.

"*During the quarter, we undertook a strategic evaluation of all of our lines of business, and have determined to focus our attention on our core auto business as we want to make sure we are realizing the full value of our auto platform. Although the personal lending portfolio is performing well, we no longer intend to hold these assets for investment. As a result of moving these assets into held for sale, we recognized a slight reduction in provision for credit losses. All future personal loans will be classified as held for sale. Despite this change, we will remain party to various agreements, under which we will continue to purchase specified volumes of personal loans originated by third parties,*" said Mr. Kulas.

The provision for credit losses increased to $744 million in the third quarter 2015, from $739 million in the second quarter 2015, and decreased from $770 million in the third quarter 2014. The allowance ratio[3] decreased to 11.8 percent as of September 30, 2015, from 12.4 percent as of June 30, 2015, and 12.1 percent as of September 30, 2014. During the third quarter 2015, SC removed the volatility associated with seasonality from its loss provisioning model for individually acquired auto retail installment contracts. The impact of removing seasonality from the loss provisioning model was a $134 million decrease in the provision for credit losses and the credit loss allowance.

"*Following extensive analysis on the methodology of our provisioning models, we have refined the model to remove volatility associated with seasonal assumptions, leading to a one-time reduction to provision expense. It is important to note that under the prior methodology, this quarter's provision expense would have been higher, and we likely would have seen a reduction in the provision line in the upcoming fourth quarter. However, due to the change we made this quarter, the seasonal benefit historically seen in the fourth quarter provision is not expected to occur. Similarly, all future quarters should not be impacted by seasonality assumptions in the provisioning process,*" said Jennifer Davis, Interim Chief Financial Officer.

Portfolio trends are reflective of the mix of assets retained at the end of each quarter, which are affected by the credit quality and timing of asset sales, as well as normal seasonality of the business. SC's net charge-off ratio increased to 14.4 percent for the third quarter 2015 from 5.3 percent for the second quarter 2015, and 8.4 percent for the third quarter 2014. Net charge-off performance was negatively impacted by a non-recurring lower of cost or market adjustment on loans sold and held for sale. Excluding the adjustment, credit performance remains in line with management expectations and is reflective of current asset mix. SC's loan delinquency ratio[4] increased seasonally to 3.8 percent as of the end of the third quarter 2015 from 3.6 percent at the end of the second quarter 2015, and is down from the 4.1 percent loan delinquency ratio as of the end of the third quarter 2014.

During the quarter, SC incurred $287 million of operating expenses, up 42 percent from $202 million in the third quarter 2014. The increase was primarily attributable to higher headcount which was a result of SC's strong managed asset

> growth, and also due to a $22 million non-recurring expense related to former CEO departure. SC produced a 2.3 percent expense ratio for the quarter, or 2.1 percent adjusted for the non-recurring expense[5], up from a 2.0 percent expense ratio in the same period last year. SC expects expenses to continue to increase throughout the rest of the year as credit trends worsen, in line with normal seasonality of the business.
>
> During the quarter, SC continued to demonstrate consistent access to liquidity executing three securitizations, totaling $3.0 billion.[6] Additionally, SC advanced $987 million on new and existing private term amortizing facilities.
>
> In line with SC's strategy to leverage its scalable servicing platform and increase servicing fee income, SC executed asset sales of $3.1 billion during the quarter. Loan sales included $1.3 billion of assets through existing monthly loan sale programs and $1.7 billion in seasoned nonprime residual sales.
>
> Servicing fee income totaled $35.9 million in the third quarter 2015, up from $20.5 million in the third quarter 2014, primarily due to the increase in the portfolio of loans and leases serviced for others to $14.8 billion as of September 30, 2015, up from $10.2 billion as of September 30, 2014.
>
> [1] For a reconciliation from GAAP to this non-GAAP measure, see Reconciliation of Non-GAAP Measures in Table 8 of this release.
> [2] Includes Finance receivables held for investment, Finance receivables held for sale and Leased vehicles.
> [3] Excludes purchased receivables portfolio and finance receivables held for sale.
> [4] Ratio excludes receivables held for sale. As of September 30, 2015, held for sale assets included the entire personal lending portfolio, which had an aggregate delinquency ratio of 8.8% as of that date.
> [5] For a reconciliation from GAAP to this non-GAAP measure, see Reconciliation of Non-GAAP Measures in Table 8 of this release.
> [6] Net bonds sold of $2.9 billion.

27. On October 29, 2015, Santander filed a Quarterly Report on Form 10-Q with the SEC for the 2015 fiscal third quarter. The Company's Form 10-Q was signed by Defendants Kulas and Davis, and reaffirmed the Company's statements announced in the press release issued that day.

28. On these news, the Company's shares fell $3.49 per share, or 15.6%, to close on October 29, 2015, at $18.86 per share, on unusually high trading volume.

29. On January 27, 2016, Santander issued a press release entitled, "Santander Consumer USA Holdings Inc. Reports Fourth Quarter and Full Year 2015 Results." Therein, the Company, in relevant part, stated:

> Santander Consumer USA Holdings Inc. (NYSE: SC) ("SC") today announced net income for fourth quarter 2015 of $68 million, or $0.19 per diluted common share, compared to third quarter 2015 net income of $224 million, or $0.62 per diluted common share, and fourth quarter 2014 of $247 million, or $0.69 per diluted common share. Fourth quarter 2015 earnings were negatively impacted by lower of cost or market ("LOCM") adjustments on the held for sale personal lending portfolio, driven by seasonal balance increases. Fourth quarter 2014 earnings were positively impacted by provision model adjustments.
>
> Full year 2015 net income was $866 million, or $2.41 per diluted common share, up 13 percent from $766 million, or $2.15 per diluted common share in 2014, and up 3 percent from 2014 core net income[1] of $842 million, or $2.37 per diluted common share.
>
> **Fourth Quarter 2015 Highlights** ***(All comparisons are 4Q15 versus 4Q14)*****:**
>
> - Net finance and other interest income of $1.3 billion, up 17%
> - Total originations of $6.2 billion, up 2%
> - Serviced for others portfolio of $15.0 billion, up 47%
> - Average managed assets of $52.5 billion, up 23%
>
> **Full Year 2015 Highlights** ***(All comparisons are full year 2015 versus full year 2014)*****:**
>
> - Net finance and other interest income of $4.9 billion, up 14%
> - Total auto originations of $27.9 billion, up 6%
> - Retail installment contract ("RIC") net charge-off ratio of 7.3%; after adjusting for LOCM impairments[1] RIC net charge-off ratio of 7.0%, up 10 basis points
> - Total asset sales of $9.2 billion, up 31%
> - Servicing fee income of $131 million, up 81%
> - Expense ratio of 2.1%, down 10 basis points from core full year 2014 expense ratio[1]
>
> *"Full year results remain strong with net income of $866 million, an increase of 3 percent over the prior year core net income. We continue to be strategic in our originations approach, maintaining disciplined underwriting practices and selectivity while growing auto originations six percent over the prior year. Recognizing our reported results for the quarter are challenging, there are several factors that are not a true reflection of the earnings power of our franchise. I would like to thank our employees, customers and dealers for being a*

large part of another successful year. SC's fundamentals remain robust and we remain committed to generating shareholder value," said Jason Kulas, Chief Executive Officer.

In the fourth quarter, total originations were more than $6.2 billion, including $2.9 billion in Chrysler Capital retail loans and $1.0 billion in Chrysler Capital leases. Other originations, including other auto and personal loans, totaled $2.3 billion for the fourth quarter 2015. New incentive programs in Chrysler Capital drove an increase in retail loan originations. Full year auto originations were $27.9 billion, up 6 percent compared to 2014.

Finance receivables, loans and leases held for investment, net, increased 4 percent to $30.0 billion at December 31, 2015, from $28.8 billion at December 31, 2014. Net finance and other interest income increased 17 percent to $1.3 billion in the fourth quarter 2015 from $1.1 billion in the fourth quarter 2014, driven by 15 percent growth in the average portfolio. SC's average APR as of the end of the fourth quarter 2015 for retail installment contracts held for investment was 16.8 percent, in line with 16.9 percent as of the end of the third quarter 2015 and up from 16.0 percent as of the end of the fourth quarter 2014. The year-over-year APR increase is driven by the opportunity to increase originations in a disciplined manner within lower FICO buckets at appropriate returns.

The provision for credit losses increased to $800 million in the fourth quarter 2015 from $560 million in the fourth quarter 2014. Fourth quarter 2014 was benefited by $149 million in model impacts, including seasonality and a reduction in months' coverage, neither of which impacted provision in fourth quarter 2015. Fourth quarter 2014 also was benefited by $58 million due to outperformance in net charge-offs. Additionally, effective in the fourth quarter 2015, SC recognized changes in value of the personal lending portfolio, including customer defaults, as LOCM adjustments in net investment gains (losses), rather than recognizing provisions and charge-offs on this portfolio.

After adjusting for these impacts and net growth and mix of the portfolio, fourth quarter 2015 provision was impacted by $41 million related to deterioration of forward-looking loss expectations, consistent with the trends in net charge-off ratio and delinquencies. SC's net charge-off ratio and delinquency ratio on the individually acquired retail installment contract portfolio increased to 9.6 percent and 4.4 percent, respectively, for the fourth quarter 2015 from 8.1 percent and 4.2 percent, respectively, for the fourth quarter 2014. Full year 2015 net charge-off ratio on the individually acquired retail installment contract portfolio was 7.3 percent. After adjusting for LOCM impairments, the net charge-off ratio of 7.0 percent was up 10 basis points compared to 2014.

The fourth quarter 2015 provision of $800 million is up from $744 million in the third quarter 2015, despite the reclassification of personal lending impacts out of this line item, primarily due to the removal of modeled seasonality as of September 30, 2015. The increase is also attributable to normal seasonal trends, as the net charge-off ratio and delinquency ratio on individually acquired retail installment contracts increased from the third quarter 2015 ratios of 8.8 percent (7.9 percent adjusted[1]) and 3.8 percent, respectively.

Net investment gains (losses) were negative for the fourth quarter of 2015, due to the classification of $232 million in LOCM adjustments on the personal lending portfolio in this line. These adjustments are attributable to customer default activity, which no longer is recorded in provision for credit losses, as well as market discounts on seasonally higher balances.

"This quarter, seasonal balance increases and seasonally high customer default activity drove net investment losses on our personal lending portfolio, which was classified as held-for-sale as of the beginning of the quarter. Balances on this portfolio and customer defaults both generally decline throughout the first half of the year, so we expect smaller LOCM adjustments over the next couple of quarters," said Jennifer Davis, Deputy Chief Financial Officer.

During the quarter, SC incurred $239 million of operating expenses, up 4 percent from $230 million in the fourth quarter 2014. The increase was primarily attributable to SC's strong average managed asset growth of 23 percent. SC produced a 1.8 percent expense ratio for the quarter, down from a 2.2 percent expense ratio in the same period last year. Full year 2015 expense ratio of 2.1 percent, down from the 2014 expense ratio of 2.5 percent (2.2 percent adjusted[1]).

Although the ABS markets saw some volatility in the fourth quarter, SC continued to demonstrate access to liquidity, executing two securitizations totaling $1.9 billion, inclusive of $788 million sold through a CCART transaction. Additionally, SC advanced $1.8 billion on new and existing private term amortizing facilities.

In addition to the CCART transaction and in line with SC's strategy to leverage its scalable servicing platform and increase servicing fee income, SC executed asset sales of $1.1 billion through existing loan sale programs.

Servicing fee income totaled $42 million in the fourth quarter 2015, up from $20 million in the fourth quarter 2014, primarily due to the increase in the portfolio of loans and leases serviced for others to $15.0 billion as of December 31, 2015, up from $10.3 billion as of December 31, 2014.

[1] For a reconciliation from GAAP to this non-GAAP measure, see Reconciliation of Non-GAAP Measures in Table 8 of this release.

30. On this news, the Company's shares fell $2.44 per share, over 18%, to close on January 27, 2016, at $10.96 per share, on unusually high trading volume.

31. The above statements contained in ¶¶20-29 were false and/or misleading, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, these statements were false and/or misleading statements and/or failed to disclose: (1) that the Company's methodology for estimating credit loss allowance on individually acquired retail installment contracts was improper; (2) that, as a result, the Company's would need to correct its previously issued financial statements; and (3) that, as a result of the foregoing, Defendants' statements about Santander's business, operations, and prospects, were false and misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

32. On February 29, 2016, after the market closed, the Company filed a NT 10-K with the SEC on Form 12b-25. Therein, the Company, in relevant part, stated:

> Santander Consumer USA Holdings Inc. (the "Company") is delaying the filing of its Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2015 (the "Form 10-K") at this time because the Company's financial statements have not yet been completed. The Company currently has an open comment letter from the Division of Corporation Finance of the Securities and Exchange Commission (the "SEC") on the Company's Form 10-K for the fiscal year ended December 31, 2014 and Form 10-Q for the quarter ended September 30, 2015 with respect to the Company's credit loss allowance, including the removal of seasonality and the increase in troubled debt restructuring ("TDR") impairment during the quarter ended September 30, 2015 as well as certain TDR disclosures in both periods. The Company continues to discuss these matters with the SEC and the Company's independent registered public accounting firm and will file the Form 10-K as soon as possible.

33. On March 15, 2016, the Company filed a Current Report with the SEC on Form 8-K. Therein, the Company, in relevant part, stated:

> **Item 3.01. Failure to Satisfy a Continued Listing Rule or Standard.**
>
> (b) Santander Consumer USA Holdings Inc. ("SC" or the "Company") will be delayed in filing its Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the "Form 10-K"), beyond the March 15, 2016, extended

> filing date. The Company is working diligently to file the Form 10-K as soon as practicable.
>
> As the Company previously disclosed in its Form 12b-25 filed with the Securities and Exchange Commission (the "SEC") on February 29, 2016, the Company's financial statements have not yet been completed. The Company currently has an open comment letter from the SEC's Division of Corporation Finance on the Company's Form 10-K for the year ended December 31, 2014, and Form 10-Q for the quarterly period ended September 30, 2015, with respect to estimating the Company's credit loss allowance, including the removal of seasonality and the increase in troubled debt restructuring ("TDR") impairment during the quarterly period ended September 30, 2015, as well as certain TDR disclosures.
>
> After review, the Company is changing its methodology for estimating credit loss allowance on individually acquired retail installment contracts and will correct prior periods in Item 9B in the Form 10-K.
>
> The Company does not foresee any interruption or change to normal business activities.
>
> On March 15, 2016, the Company notified the New York Stock Exchange ("NYSE") that it is not in compliance with Rule 8.01E of the NYSE's listed company manual as a result of its failure to file the Form 10-K within the extended time period. As stated above, the Company is working diligently to file its Form 10-K as soon as practicable and to remedy its non-compliance with the foregoing rule.

34. On this news, the Company's shares fell $1.70 per share, or 16%, over two trading sessions to close on March 16, 2016, at $9.00 per share, on high trading volume.

CLASS ACTION ALLEGATIONS

37. 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 Santander's securities between February 3, 2015 and March 15, 2016, inclusive (the "Class Period") and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

38. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Santander's securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Millions of Santander shares were traded publicly during the Class Period on the NYSE. As of October 23, 2015, Santander had 357,902,036 shares of common stock outstanding. Record owners and other members of the Class may be identified from records maintained by Santander 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.

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

40. 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.

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

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

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

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

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

UNDISCLOSED ADVERSE FACTS

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

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

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

LOSS CAUSATION

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

47. During the Class Period, Plaintiff and the Class purchased Santander's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information

alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

48. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Santander, his/her control over, and/or receipt and/or modification of Santander's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Santander, participated in the fraudulent scheme alleged herein.

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

49. The market for Santander's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Santander's securities traded at artificially inflated prices during the Class Period. On June 23, 2015, the Company's shares closed at a Class Period high of $26.52 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Santander's securities and market information relating to Santander, and have been damaged thereby.

50. During the Class Period, the artificial inflation of Santander's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the

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

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

(a) Santander shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Santander filed periodic public reports with the SEC and/or the NYSE;

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

(d) Santander was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

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

NO SAFE HARBOR

53. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Santander who knew that the statement was false when made.

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

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

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

56. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Santander's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

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

58. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a

course of conduct as alleged herein in an effort to assure investors of Santander's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Santander and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

59. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

60. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such

defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Santander's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

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

62. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Santander was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Santander securities,

or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

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

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

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

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

66. The Individual Defendants acted as controlling persons of Santander within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

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

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

PRAYER FOR RELIEF

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

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

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

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

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

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.