

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

KIRVIN HENDRIX, Individually and On Behalf of All Others Similarly Situated,)	
)	
Plaintiff,)	CIVIL ACTION NO.
)	
vs.)	
)	CLASS ACTION COMPLAINT
CP SHIPS LIMITED, RAYMOND MILES, FRANK HALLIWELL, AND IAN WEBBER,)	
)	
Defendants.)	<u>JURY TRIAL DEMANDED</u>
)	
)	

Plaintiff, Kirvir: Hendrix (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding CP Ships Limited, (“CP Ships” or the “Company”) securities analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. 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 federal class action on behalf of purchasers of the securities of CP Ships between April 23, 2003 and August 6, 2004, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to 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 (17 C.F.R. §240.10b-5).

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

4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Pursuant to 28 U.S.C. §1391(d), as an alien corporation, CP Ships may properly be sued in any District in the United States, including the Southern District of New York. Moreover, CP Ships shares trade on the New York Stock Exchange ("NYSE"), which is located in the Southern District of New York. Thus, venue is proper in this District.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, Kirvin Hendrix, as set forth in the accompanying certification, incorporated by reference herein, purchased CP Ships securities at artificially inflated prices during the Class Period and has been damaged thereby.
7. Defendant CP Ships is a British corporation with its principal place of business located at 62-65 Trafalgar Square, London, WC2N.
8. Defendant Raymond Miles ("Miles") was, at all relevant times, the Company's Chairman.
9. Defendant Frank Halliwell ("Halliwell") was, at all relevant times, the Company's Chief Executive Officer and Director.
10. Defendant Ian Webber ("Webber") was, at all relevant times, the Company's Chief Financial Officer and Director.
11. Defendants Miles, Halliwell, and Webber are collectively referred to hereinafter as the "Individual Defendants." During the Class Period, each of the Individual Defendants, as senior executive officers and/or directors of CP Ships were privy to non-public information concerning its business, finances, products, markets and present and future business prospects via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

12. Because of the Individual Defendants' positions with the Company, they had access to the adverse undisclosed information about the Company's business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

13. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of CP Ships, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

14. As officers and controlling persons of a publicly-held company whose securities were, and are, registered with the SEC pursuant to the Exchange Act, and was traded on the NYSE and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty

to disseminate promptly, accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

15. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with CP Ships, each of the Individual Defendants had access to the adverse undisclosed information about CP Ships financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about CP Ships and its business issued or adopted by the Company materially false and misleading.

16. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is

responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

17. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of CP Ships securities by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding CP Ships business, operations, management and the intrinsic value of CP Ships securities; and (ii) caused Plaintiff and other members of the Class to purchase CP Ships securities at artificially inflated prices.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

18. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the securities of CP Ships between April 23, 2003 and August 6, 2004, inclusive (the "Class Period") and who were damaged thereby. 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.

19. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, CP Ships' 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. Record owners and other members of the Class may be identified from

records maintained by CP Ships 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.

20. 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.

21. 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.

22. 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 misrepresented material facts about the business, operations and management of CP Ships; and

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

23. 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.

SUBSTANTIVE ALLEGATIONS

Background

24. CP Ships is a container shipping company offering its customers door-to-door, as well as port-to-port containerized services for the international transportation of a range of industrial and consumer goods, including raw materials, semi-manufactured and finished goods. The Company operates a fleet of 80 ships in 22 trade lanes focusing on four principal markets. During the year ended December 31, 2003, the Company transported 2.2 million 20-foot equivalent units on behalf of approximately 23,700 customers. CP Ships provides scheduled services in its four principal markets: TransAtlantic, Australasia, Latin America and Asia, which it serves through seven brands, including Canada Maritime, Cast, Contship Containerlines, ANZDL, Lykes Lines, TMM Lines and Italia Line.

Materially False And Misleading Statements Issued During The Class Period

25. The Class Period commences on April 23, 2003. At that time, CP Ships announced a first quarter 2003 operating loss of US \$2 million before exceptional items, a \$4 million improvement on the \$6 million operating loss in first quarter 2002 and compared with \$34 million operating income before exceptional items in fourth quarter 2002. Basic loss per share before exceptional items was \$0.12 compared with last year's first quarter loss per share of \$0.14 and fourth quarter 2002's earnings per share of \$0.23 before exceptional items. After exceptional items, the

net loss was \$21 million representing a basic loss per share of \$0.23 compared with \$11 million net loss in the same quarter last year or loss per share of \$0.14. Net income for fourth quarter 2002 was \$23 million, a basic earnings per share of \$0.26.

26. On July 31, 2003, CP Ships announced an operating income for second quarter 2003 of US \$46 million, nearly double the \$21 million operating profit in second quarter 2002 and a \$42 million improvement from the \$2 million operating loss before exceptional items of \$10 million in first quarter 2003. Basic earnings per share was \$0.32 compared with \$0.20 in second quarter 2002 and basic loss per share before exceptional items of \$0.12 in first quarter 2003. Net income was \$29 million compared to \$16 million in the same period 2002 and a net loss of \$11 million before exceptional items in the first quarter 2003. EBITDA was \$69 million and cash from operations before payments related to exceptional items \$23 million in the quarter.

27. On October, 29, 2003, CP Ships announced an operating income for third quarter 2003 of US \$44 million, up from \$34 million operating profit in third quarter 2002 and a \$4 million improvement from \$40 million in second quarter 2003. Basic earnings per share was \$0.37 compared with \$0.27 in third quarter 2002 and \$0.32 in second quarter 2003. Net income at \$33 million was up compared to \$24 million in third quarter 2002 and up from \$29 million in second quarter 2003. Commenting on the results, defendant Miles stated:

“This quarter’s operating profit is CP Ships’ strongest since we went public in October 2001. Despite an increase in operating costs, it reflects our successful strategy as well as the continuing general improvement in industry conditions.”

28. On February 5, 2004, CP Ships announced a fourth quarter 2003 operating income of US \$49 million, up from \$34 million before exceptional items in fourth quarter 2002 and up from

\$44 million in third quarter 2003. Basic earnings per share was \$0.46 compared with 2002's \$0.23 before exceptional items and third quarter's \$0.37. Net income available to common shareholders was \$41 million, compared to \$23 million in fourth quarter 2002. For 2003 overall, operating income before exceptional items was \$131 million compared with \$83 million in 2002. Basic earnings per share before exceptional items was \$1.02 compared with \$0.59. Return on average capital employed at 7.3% was up from 5.7% in 2002. Net income available to common shareholders was \$82 million compared to \$52 million in 2002. Commenting on these results, defendant Miles stated:

“With record operating income in the fourth quarter and up nearly 60% for the full year, and record volume and sales revenue for both the quarter and the year, we consider these to be outstanding results”

29. On April 15, 2004, CP Ships filed its annual report with the SEC on Form 40-F. The Company's Form 40-F was signed by defendant Weber and reaffirmed the previously announced financial results. With respect to its financial results, the Company's Form 40-F stated:

CONSENT OF INDEPENDENT ACCOUNTS

We hereby consent to the use in this Annual Report on Form 40-F of CP Ships Limited of our Auditor's Report dated 12th March 2004 and our Notice to US readers dated 12th March 2004 relating to the consolidated financial statements, which appear in the Annual Report to Shareholders.

PricewaterhouseCoopers LLP

30. On May 11, 2004, CP Ships announced first quarter 2004 operating income of US \$16 million, compared with a \$3 million loss before exceptional items in first quarter 2003. Basic earnings per share was \$0.09 compared with a basic loss per share of \$0.13 before exceptional items

in first quarter 2003. Net income available to common shareholders was \$8 million, compared to a net loss of \$22 million in first quarter 2003. Commenting on the results, defendant Miles stated:

“With record volume and revenue for the seasonally weak first quarter broadly across all market segments, this is our best first quarter operating profit since becoming public in October 2001,”

31. The statements contained in ¶¶ 25-30 were materially false and misleading when made because failed to disclose or indicate the following: (1) that the Company overstated its net income figures by \$22 to \$27 million; (2) that the Company insufficiently accrued certain costs which caused the Company’s net income figures to be materially inflated; (3) that the Company’s financial results were in violation of Generally Accepted Accounting Principles (“GAAP”) and the Company’s own accounting interpretations; and (4) that as a result of the above, the Company’s financial results were materially inflated at all relevant times.

The Truth Begins to Emerge

32. On August 9, 2004, CP Ships announced that in conjunction with the release of second quarter 2004 results it would restate previously reported financial results. More specifically, the Company, in its press release, stated:

As announced in May, CP Ships began implementing a new SAP financial accounting system in January. The implementation has revealed some deficiencies in former systems and related business and accounting processes, for which corrective action has been taken and continues. These deficiencies resulted in insufficient accruals for certain costs and also a number of balances from 31st December 2003 that need to be written off. There is no effect on cash.

The main effect will be on 2003. The estimated negative restatement of 2003 net income is between \$22 million and \$27 million which will be in addition to the \$8 million restatement of 2003 net income announced on 11th May 2004 in the first quarter 2004 report. Net

income for 2003, which after the \$8 million restatement was reported at \$74 million, would become between \$47 million and \$52 million.

To a lesser extent, 2002 will be affected with an estimated downward revision of net income of about \$7 million. Net income for 2002 had been reported at \$52 million.

Furthermore, first quarter 2004 net income will be revised downward by about \$6 million from the \$8 million originally reported.

Nonetheless, CP Ships considers that net income for the year 2004 will be higher than 2003 net income, as originally reported before any restatements, of \$82 million. Management has been conducting a thorough review of the financial statements which has involved Internal Audit and the external auditors PricewaterhouseCoopers and, for this, more time is needed. The review, to be completed to the satisfaction of the Audit Committee of the Board of Directors, is planned to be achieved in time to report second quarter 2004 results and restated prior periods on 16th August.

Pending completion of the review and publication of revised financial statements, investors should not rely on previously reported financial statements and related PricewaterhouseCoopers reports for the years 2003 and 2002 nor on financial statements for first quarter 2004.

3? News of this shocked the market. Shares of CP Ships fell \$3.70 per share or 22.36 percent, on August 9, 2004, to close at \$12.85 per share.

CP SHIPS' VIOLATION OF GAAP RULES

34. The Company announced financial results that were in violation of GAAP and the following principles:

- (a) The principle that "interim financial reporting should be based upon the same accounting principles and practices used to prepare annual financial statements" was violated (APB No. 28, ¶10);

- (b) The principle that “financial reporting should provide information that is useful to present to potential investors and creditors and other users in making rational investment, credit, and similar decisions” was violated (FASB Statement of Concepts No. 1, ¶34);
- (c) The principle that “financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and effects of transactions, events, and circumstances that change resources and claims to those resources” was violated (FASB Statement of Concepts No. 1, ¶40);
- (d) The principle that “financial reporting should provide information about an enterprise’s financial performance during a period” was violated (FASB Statement of Concepts No. 1, ¶42);
- (e) The principle that “completeness, meaning that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions” was violated (FASB Statement of Concepts No. 2, ¶79);
- (f) The principle that “financial reporting should be reliable in that it represents what it purports to represent” was violated (FASB Statement of Concepts No. 2, ¶¶58-59);
and
- (g) The principle that “conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered” was violated. (FASB Statement of Concepts No. 2, ¶95).

35. The adverse information concealed by defendants during the Class Period and detailed above was in violation of Item 303 of Regulation S-K under the federal securities law (17 C.F.R. 229.303).

UNDISCLOSED ADVERSE FACTS

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

37. During the Class Period, defendants materially misled the investing public, thereby inflating the price of CP Ships' securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

38. 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 or misleading statements about CP Ships' business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment

of CP Ships and its business, prospects and operations, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and 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.

ADDITIONAL SCIENTER ALLEGATIONS

39. 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 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 CP Ships, their control over, and/or receipt and/or modification of CP Ships allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning CP Ships, participated in the fraudulent scheme alleged herein.

40. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

**Applicability Of Presumption Of Reliance:
Fraud-On-The-Market Doctrine**

41. At all relevant times, the market for CP Ships securities was an efficient market for the following reasons, among others:

(a) CP Ships stock 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, CP Ships filed periodic public reports with the SEC and the NYSE;

(c) CP Ships regularly communicated with public investors via established market communication mechanisms, including through regular disseminations 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

(d) CP Ships was followed by several securities analysts employed by major brokerage firms who wrote reports which 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.

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

NO SAFE HARBOR

43. 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. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, 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. Alternatively, to the extent that the statutory safe harbor does 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 particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of CP Ships who knew that those statements were false when made.

FIRST CLAIM **Violation Of Section 10(b) Of** **The Exchange Act Against And Rule 10b-5** **Promulgated Thereunder Against All Defendants**

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

45. 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 CP Ships 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.

46. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) 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 CP Ships 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.

47 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 the business, operations and future prospects of CP Ships as specified herein.

48. 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 CP Ships 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 omitting to state material facts necessary in order to make the statements made about CP Ships and its business operations and future prospects in the 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 CP Ships securities during the Class Period.

49. 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 his 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 or recklessly disregarded was materially false and misleading.

50. The defendants had actual knowledge of the misrepresentations and 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 CP Ships operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and 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.

51. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of CP Ships securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of CP Ships publicly-traded 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 on 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 CP Ships securities during the Class Period at artificially high prices and were damaged thereby.

52. At the time of said misrepresentations and 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 CP Ships was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their CP Ships 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.

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

54. 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

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

56. The Individual Defendants acted as controlling persons of CP Ships 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.

57. 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.

58. As set forth above, CP Ships and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and 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.

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

(a) Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

(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 demand a trial by jury.

Date:

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