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CLERK US DISTRICT COURT
 SOUTHERN DISTRICT OF CALIFORNIA

BY *Saucy* DEPUTY

**UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF CALIFORNIA**

9 INNA NARYZNAI, Individually and On
 Behalf of All Others Similarly Situated,

10 Plaintiff,

11 v.

12 DOT HILL SYSTEMS CORPORATION,
 13 JAMES L. LAMBERT, DANA W.
 KAMMERSGARD, PRESTON S. ROMM
 and WILLIAM R. SAUEY.

14 Defendants.

No. '06CV 0281

USA CAB

Filing by FAX
**CLASS ACTION COMPLAINT FOR
 VIOLATIONS OF FEDERAL
 SECURITIES LAWS**

JURY TRIAL DEMAND

SUMMARY OF ACTION

18 1. This is a securities class action brought on behalf of all purchasers of Dot Hill
 19 Systems Corporation ("Dot Hill" or the "Company") common stock during the period April 23, 2003
 20 through February 3, 2005 (the "Class Period"), against Dot Hill and certain of its officers and
 21 directors for violations of the Securities Exchange Act of 1934 (the "1934 Act"). Dot Hill provides
 22 storage network solutions to channel and OEM partners worldwide.

23 2. During the Class Period, defendants filed with the SEC and disseminated to investors
 24 false and misleading financial statements concerning Dot Hill's business, which artificially inflated
 25 the price of Dot Hill stock. When defendants were forced to reveal that Dot Hill's prior statements
 26 were false, and that Dot Hill's financial statements for the first three quarters of 2004 were false, the
 27 price of Dot Hill shares collapsed to as low as \$5.70 per share - 67% below the Class Period high
 28 of \$17.37 per share.

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JURISDICTION AND VENUE

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3. Jurisdiction is conferred by §27 of the 1934 Act, 15 U.S.C. §78aa, and 28 U.S.C. §§1331, 1337 and 1367. The claims asserted herein arise under §§10(b) and 20(a) of the 1934 Act, 15 U.S.C. §§78j(b) and 78t(a) and Rule 10b-5 promulgated thereunder by the SEC.

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4. Venue is proper in this District pursuant to §27 of the 1934 Act and 28 U.S.C. §1391(b). Many of the false and misleading statements were made in or issued from this District. The Company's principal executive offices are located at 6305 El Camino Real, Carlsbad, California, where the day-to-day operations of the Company are directed and managed.

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THE PARTIES

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5. Plaintiff Inna Naryznai purchased Dot Hill common stock as described in the attached certification and was damaged thereby.

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6. Defendant Dot Hill provides storage network solutions and data storage products to channel and OEM partners worldwide. These storage solutions can be used to store any type of digital information. Dot Hill's storage solutions integrate hardware and software products employing a modular system that allows end-users to add capacity as needed. Its product lines range from approximately 72 gigabytes to 35 terabytes storage systems. The SANnet II Family of Storage Solutions is Dot Hill's main product line, accounting for the vast majority of Dot Hill's revenue. These products involve scalable, storage networking solutions for mission-critical applications.

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7. Defendant James L. Lambert ("Lambert") was the Vice Chairman and Chief Executive Officer of Dot Hill. During the Class Period, Lambert sold more than \$7.3 million worth of his Dot Hill stock.

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8. Defendant Dana W. Kammersgard ("Kammersgard") was President of Dot Hill. During the Class Period, Kammersgard sold more than \$3.1 million of his Dot Hill stock.

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9. Defendant Preston S. Romm ("Romm") was Chief Financial Officer of Dot Hill. During the Class Period, Romm sold \$992,000 of his Dot Hill stock.

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10. Defendant William R. Sauey ("Sauey") was a director of Dot Hill. Dot Hill was founded in 1999 by the merger of two storage innovators: Artecon and Box Hill Systems. Sauey

1 was the founder of Artecon and served as its Chairman from its inception in 1984 until the time of
2 the merger. Then Saucy served as the Chairman of Dot Hill from its inception until July 2000.
3 Defendant Lambert is Saucy's son-in-law. During the Class Period, Saucy sold \$11.6 million of his
4 Dot Hill stock.

5 11. The individuals named as defendants in ¶¶7-10 referred to herein as the "Individual
6 Defendants." The Individual Defendants, because of their positions with the Company, possessed
7 the power and authority to control the contents of Dot Hill's quarterly reports, press releases and
8 presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*,
9 the market. Each defendant was provided with copies of the Company's reports and press releases
10 alleged herein to be misleading prior to or shortly after their issuance and had the ability and
11 opportunity to prevent their issuance or cause them to be corrected. Because of their positions and
12 access to material non-public information available to them but not to the public, each of these
13 defendants knew that the adverse facts specified herein had not been disclosed to and were being
14 concealed from the public and that the positive representations being made were then materially false
15 and misleading. The Individual Defendants not only issued false and misleading earnings and margin
16 estimates throughout the Class Period, but are liable for the false statements pleaded herein at ¶¶15-
17 18, 21, 23-35 as those statements were each "group-published" information, the result of the
18 collective actions of the Individual Defendants.

19 SCIENTER

20 12. In addition to the above-described involvement, each Individual Defendant had
21 knowledge of Dot Hill's problems and was motivated to conceal such problems. Romm, as CFO,
22 was responsible for financial reporting and communications with the market. Many of the internal
23 reports showing Dot Hill's forecasted and actual growth were prepared by the finance department
24 under Romm's direction. Defendants Lambert, as CEO and Vice Chairman, and Kammersgard, as
25 President, were responsible for the financial results and press releases issued by the Company. Each
26 of the Individual Defendants sought to demonstrate that he could lead the Company successfully and
27 generate the growth expected by the market. Defendant Saucy established the option compensation
28 policy and reviewed the Company's financial projections and approved their issuance. Like the

1 officer defendants, he also sought to profit from insider trading at prices artificially inflated by
2 defendants' wrongdoings.

3 13. Defendants were motivated to engage in the fraudulent practices alleged herein in
4 order to obtain: (i) financing for the Company; (ii) nearly \$23.1 million via insider trading; and (iii)
5 larger cash bonuses that were directly tied to the increase in of Dot Hill's share price.

6 **FRAUDULENT SCHEME AND COURSE OF BUSINESS**

7 14. Defendants' fraudulent scheme and course of business that operated as a fraud or
8 deceit on purchasers of Dot Hill common stock was a success, as it (i) deceived the investing public
9 regarding Dot Hill's prospects and business; (ii) artificially inflated the price of Dot Hill common
10 stock; (iii) allowed the Individual Defendants sell millions of dollars of Dot Hill shares, and (iv)
11 caused plaintiff and other members of the Class to purchase Dot Hill common stock at artificially
12 inflated prices.

13 **SUBSTANTIVE ALLEGATIONS**

14 **False and Misleading Statements During the Class Period**

15 15. On April 23, 2003, the Company issued a press release titled "Dot Hill Reports First
16 Quarter 2003 Results." The press release stated:

17 "During the first quarter of 2003, we met or exceeded our financial and
18 corporate goals," said James Lambert, president and chief executive officer. "I am
pleased to report that our model is working.

19 *"We are reaffirming our guidance to return to profitability and positive*
20 *cash flow in the second quarter of 2003, and we are closely monitoring the new*
21 *Fibre Channel product's growth ramp and its potential impact on our current*
22 *guidance. As a reminder, we are targeting second, third and fourth quarter 2003*
revenues to be \$34 million, \$44 million and \$53 million, respectively, with net
income per share of \$0.01, \$0.09 and \$0.17, respectively."

23 16. On May 15, 2003, Dot Hill filed its Form 10-Q for first quarter 2003 with the SEC,
24 including results virtually identical to those announced in the press release. Additionally, with
25 respect to defendants' design and evaluation of the Company's internal and disclosure controls,
26 defendants made the following representations:

27 **Controls and Procedures**

28 *Evaluation of Disclosure Controls and Procedures*

1 Our chief executive officer and chief financial officer, after evaluating the
2 effectiveness of our disclosure controls and procedures (as defined in Exchange Act
3 Rule 13a-14) as of a date within 90 days of the filing date of this Periodic Report on
4 Form 10-Q (the "Evaluation Date"), have concluded that as of such date, *our
disclosure controls and procedures are adequate and sufficient to ensure that
information required to be disclosed by us in the reports that we file under the
Securities Exchange Act of 1934 is recorded, processed, summarized and reported
within the time period specified in the Commission's rules and forms.*

5
6 *Changes in Internal Controls*

7 There have been no significant changes in our internal controls since the
8 Evaluation Date. We are not aware of any significant change in any other factors that
could significantly affect our internal controls subsequent to the Evaluation Date.

9 * * *

10 **CERTIFICATION**

11 I, [Lambert/Romm], certify that:

12 1. I have reviewed this quarterly report on Form 10-Q of Dot Hill Systems
Corp.;

13 2. Based on my knowledge, this quarterly report does not contain any untrue
14 statement of a material fact or omit to state a material fact necessary to make the
statements made, in light of the circumstances under which such statements were
15 made, not misleading with respect to the period covered by this quarterly report;

16 3. Based on my knowledge, the financial statements, and other financial
17 information included in this quarterly report, fairly present in all material respects the
financial condition, results of operations and cash flows of the registrant as of, and
for, the periods presented in this quarterly report;

18 4. *The registrant's other certifying officer and I are responsible for
19 establishing and maintaining disclosure controls and procedures* (as defined in
Exchange Act Rules 13a-14 and 15d-14) *for the registrant and we have:*

20 a) *designed such disclosure controls and procedures to ensure that*
21 *material information relating to the registrant*, including its consolidated
subsidiaries, *is made known to us by others within those entities*, particularly during
22 the period in which this quarterly report is being prepared;

23 b) *evaluated the effectiveness of the registrant's disclosure controls and*
procedures as of a date within 90 days prior to the filing date of this quarterly report
(the "Evaluation Date"); and

24 c) presented in this quarterly report our conclusions about the effectiveness
25 of the disclosure controls and procedures based on our evaluation as of the
Evaluation Date;

26 5. *The registrant's other certifying officer and I have disclosed*, based on
27 our most recent evaluation, *to the registrant's auditors and the audit committee of*
28 *registrant's board of directors:*

1 a) *all significant deficiencies in the design or operation of internal controls*
2 *which could adversely affect the registrant's ability to record, process, summarize*
3 *and report financial data and have identified for the registrant's auditors any*
4 *material weaknesses in internal controls; and*

5 b) any fraud, whether or not material, that involves management or other
6 employees who have a significant role in the registrant's internal controls; and

7 6. The registrant's other certifying officer and I have indicated in this
8 quarterly report whether or not there were significant changes in internal controls or
9 in other factors that could significantly affect internal controls subsequent to the date
10 of our most recent evaluation, including any corrective actions with regard to
11 significant deficiencies and material weaknesses.

12 17. On July 23, 2003, the Company issued a press release titled "*Dot Hill Exceeds Its*
13 *Second Quarter Guidance, Posts Record Profits and Revenue Increases Guidance for Full Year.*"

14 The press release stated the following:

15 Dot Hill Systems Corp. today announced financial results for the second
16 quarter ended June 30, 2003. Net revenue increased to \$48.4 million for the second
17 quarter of 2003, compared to \$11.2 million for the second quarter of 2002, and \$30.5
18 million for the first quarter of 2003. This represents a 332 percent increase year over
19 year, and a 59 percent increase quarter over quarter.

20 The company reported net income attributable to common stockholders of
21 \$2.5 million, or \$0.07 per diluted share, for the second quarter of 2003. Net loss
22 attributable to common stockholders for the second quarter of 2002 was \$8.9 million,
23 or \$0.36 per share, and net loss attributable to common stockholders was
24 \$1.6 million, or \$0.06 per share, for the first quarter of 2003. Gross margin for the
25 second quarter of 2003 was \$10.0 million, or 20.7 percent of net revenue. A year
26 ago, gross margin for the second quarter of 2002 was \$0.3 million, or 2.4 percent of
27 net revenue and was \$5.5 million, or 18.1 percent of net revenue for the first quarter
28 of 2003.

29 "*Dot Hill turned in strong results during the second quarter. We have been*
30 *predicting a return to profitability in the second quarter of 2003 for about a year*
31 *now, and we not only met, but also exceeded that expectation," said Preston*
32 *Romm, chief financial officer. "In fact, our second quarter profit was large*
33 *enough to create a year to date net income of \$1.1 million, representing a fully*
34 *diluted net income per share, attributable to common stockholders, of \$0.03. Our*
35 *balance sheet remained strong, with \$30.7 million of cash, representing positive*
36 *cash flow of \$9.1 million for this quarter."*

37 * * *

38 "*We are changing our full year 2003 guidance based on second quarter*
39 *results that exceeded guidance. Our revised 2003 guidance is for revenue of*
40 *\$180 million and fully diluted net income per share of \$0.25 as compared to*
41 *previous guidance of \$171.5 million in revenue and fully diluted net income per*
42 *share of \$0.21. We are still assessing the impact that last quarter's results and the*
43 *continued strong acceptance rate of the Fibre Channel product will have on third*
44 *quarter revenue."*

45 18. On August 8, 2003, Dot Hill filed its Form 10-Q for second quarter 2003 with the

1 SEC, including results virtually identical to those announced in the press release. With respect to
 2 defendants' design and evaluation of the Company's internal and disclosure controls, the Form 10-Q
 3 contained virtually identical representations to the language included in Dot Hill's Form 10-Q for
 4 first quarter 2003 as cited in ¶16, above.

5 19. In the wake of numerous accounting scandals during the summer of 2003,
 6 shareholders sought reassurance that Dot Hill was not similarly plagued. Thus, the statements in its
 7 Form 10-Q for second quarter 2003 were highly material to the market.

8 20. In response to defendants' reassurances that the Company's internal controls were
 9 devoid of any deficiencies, the Company's shares soared from \$13.52 to \$15.75 per share, a 14%
 10 increase in one day.

11 21. On September 5, 2003, seeking to boost the attractiveness and offering price for the
 12 Company's offering only days away, the Company issued extremely favorable projections in a
 13 press release titled "*Dot Hill Reaffirms Financial Guidance for Remainder of 2003.*" The press
 14 release stated as follows:

15 *Dot Hill Systems Corp. today announced it has reaffirmed its guidance for*
 16 *2003. Specifically, for the third and fourth quarter of 2003, Dot Hill is reaffirming*
 17 *targeted net revenue of \$46 million and \$55 million, respectively, and fully diluted*
 18 *earnings per share (EPS) of \$0.09 and \$0.15, respectively. Consistent with the*
 19 *guidance given in the second quarter earnings release, for the full fiscal year 2003*
 20 *Dot Hill reaffirmed targeted annual net revenue of \$180 million and EPS of \$0.25.*
 21 *These figures are based on the number of outstanding shares as of September 5,*
 22 *2003.*

23 * * *

24 *Should shipments in the remaining weeks of the quarter exceed*
 25 *expectations, actual revenues for the quarter could exceed the company's target.*

26 * * *

	Net Revenue (\$M)	EPS
27 First Quarter- Actual	\$ 30.5	\$ (0.06)
28 Second Quarter- Actual	\$ 48.4	\$ 0.07
Third Quarter	\$ 46.0	\$ 0.09
Fourth Quarter	\$ 55.0	\$ 0.15
Total Year 2003	\$ 180.0	\$ 0.25

29 22. Defendants knew or recklessly disregarded that the statements in defendants'
 30 September 5, 2003, press release could be achieved only if defendants manipulated the Company's
 31 financial results by delaying necessary expenditures. In order to create the appearance of income
 32

1 growth prior to and following the public offering, defendants delayed necessary expenditures to
2 update the Company's ERP system, to properly staff the Company's accounting department and to
3 remedy the deficiencies in the following areas: (i) data entry; (ii) expense classification; (iii) financial
4 closing processing; (iv) fixed asset processing; and (v) inventory processing.

5 23. With respect to the Company's accounting policies, the Registration Statement and
6 Prospectus stated that the Company's accounting complied with Generally Accepted Accounting
7 Principals ("GAAP"):

8 ***Critical Accounting Policies and Estimates***

9 Our discussion and analysis of our financial condition and results of
10 operations are based upon our consolidated financial statements, which have been
11 prepared in accordance with accounting principles generally accepted in the United
12 States. The preparation of these financial statements requires us to make estimates
13 and use judgment that may impact the reported amounts of assets, liabilities,
14 revenues, expenses and related disclosure of contingent assets and liabilities. As a
15 part of our on-going internal processes, we evaluate our estimates, including those
16 related to inventory write-downs, warranty cost accruals, revenue recognition, bad
17 debt allowances, long-lived assets valuation, intangible assets valuation, income
18 taxes, including deferred income tax asset valuation, litigation and contingencies.
19 We base these estimates upon both historical information and other assumptions that
20 we believe are valid and reasonable under the circumstances. These assumptions
21 form the basis for making judgments and determining the carrying values of assets
22 and liabilities that are not apparent from other sources.

23 24. With respect to defendants' design and evaluation of the Company's internal and
24 disclosure controls, the Prospectus incorporated by reference the Company's Form 10-Qs for first-
25 and second-quarter 2003, described in ¶¶16 and 18 above.

26 25. On October 22, 2003, the Company issued a press release titled "***Dot Hill Exceeds
27 Third Quarter Guidance, Posts Record Profits and Revenue Increases Guidance for Total Year.***"

28 The press release stated:

Dot Hill Systems Corp. today announced financial results for the third quarter
ended September 30, 2003. Net revenue increased to \$51.0 million for the third
quarter of 2003, compared to \$8.6 million for the third quarter of 2002, and \$48.4
million for the second quarter of 2003. This represents a 494 percent increase year
over year, and a five percent increase quarter over quarter.

The company has reported an increase in revenue for four consecutive
quarters and an increase in profits for two consecutive quarters. Net income
attributable to common stockholders was \$3.8 million, or \$0.10 per diluted share, for
the third quarter of 2003. Net loss attributable to common stockholders for the third
quarter of 2002 was \$7.3 million, or \$0.29 per diluted share, and net income
attributable to common stockholders was \$2.5 million, or \$0.07 per diluted share, for

1 the second quarter of 2003. Gross profit for the third quarter of 2003 was
2 \$11.7 million, or 23.0 percent of net revenue. A year ago, gross profit for the third
3 quarter of 2002 was \$0.9 million, or 10.1 percent of net revenue and was
4 \$10.0 million, or 20.7 percent of net revenue for the second quarter of 2003.

5 "We exceeded our prior guidance and beat analyst estimates for the quarter,"
6 said Preston Romm, chief financial officer. "Dot Hill again posted impressive results
7 during the third quarter and, for the second consecutive quarter, we achieved record
8 profits and net revenue. Our financial results have improved compared to last year
9 and last quarter, including net revenue, which is impressive in light of the summer
10 slowness and the fact that this quarter is our largest customers' first fiscal quarter.
11 Gross margin as percent of revenue improved 230 basis points from the preceding
12 quarter. In September, we completed a follow-on equity offering, leading to both an
13 increase in shares offered for sale and the exercise of the over-allotment. The
14 offering placed 9.9 million newly issued shares on the market, and strengthened our
15 balance sheet dramatically by adding a net of \$145.8 million to our cash position,
16 which, coupled with positive cash from operations, yielded a total of \$185.3 million
17 in cash, cash equivalents and short-term investments at the end of September. *We
18 are also very pleased with the activity and volume of trading in Dot Hill's stock
19 since our move to The Nasdaq Stock Market on July 28, 2003, and are confident
20 that the move, as well as our business strategies, are the right ones for Dot Hill and
21 our stockholders.*"

22 * * *

23 "*We are changing our full year 2003 guidance based on third quarter
24 results that exceeded expectations, and a higher share count following our recent
25 equity offering,*" continued Lambert. "*Our revised 2003 guidance is for net
26 revenue targeted at \$184.8 million and fully diluted net income per share targeted
27 at \$0.24, as compared to previous guidance of \$180.0 million in net revenue and
28 fully diluted net income per share of \$0.25. We are reaffirming our fourth quarter
2003 net revenue guidance of \$55 million and adjusting the fully diluted net
income per share to \$0.11, reflecting the higher share count.*"

29 "*We have successfully executed on the strategic goals that we set forth for
30 this year. We have strengthened our indirect selling focus by continuing to expand
31 our channel partnerships. We have maintained an excellent relationship with our
32 largest OEM customer. We have increased headcount in research and
33 development to focus on new technologies and enhance the features of the SANnet
34 II product line. We have decreased inventory, decreased days sales outstanding
35 and increased margins. We are financially and operationally fit, and look forward
36 to the opportunities that the next quarter brings.*"

37 26. On November 14, 2003, Dot Hill filed its Form 10-Q for third quarter 2003 with the
38 SEC, including financial results virtually identical to those announced in the press release. With
39 respect to defendants' design and evaluation of the Company's internal and disclosure controls, the
40 10-Q included representations virtually identical to the language in Dot Hill's Form 10-Q for first
41 quarter 2003, as described in ¶16 above.

42 27. On January 28, 2004, the Company issued a press release titled "*Dot Hill Exceeds*

1 **Fourth Quarter 2003 Guidance; Posts Record Profits and Revenue for Quarter and Year End.**” The
2 press release stated:

3 Dot Hill Systems Corp. today announced financial results for the fourth
4 quarter ended December 31, 2003. Net revenue increased to \$57.5 million for the
5 fourth quarter of 2003, compared to \$16.3 million for the fourth quarter of 2002, and
6 \$51.0 million for the third quarter of 2003. This represents a 254 percent increase
7 year over year and a 13 percent increase quarter over quarter.

8 The company has reported an increase in net revenue for five consecutive
9 quarters and an increase in net income and gross profit for four consecutive quarters.
10 Net income attributable to common stockholders for the fourth quarter of 2003 was
11 \$6.8 million, or \$0.14 per diluted share. Net loss attributable to common
12 stockholders for the fourth quarter of 2002 was \$12.4 million, or \$0.49 per diluted
13 share, and net income attributable to common stockholders for the third quarter of
14 2003 was \$4.3 million, or \$0.11 per diluted share. Gross profit for the fourth quarter
15 of 2003 was \$17.1 million, or 29.8 percent of net revenue. Gross profit for the fourth
16 quarter of 2002 was negative \$2.0 million, and for the third quarter of 2003, gross
17 profit was \$12.2 million, or 24.0 percent of net revenue.

18 For the total year 2003, net revenue increased to \$187.4 million, as compared
19 to \$46.9 million for the year 2002 -- an increase of approximately 300 percent. Total
20 year 2003 net income applicable to common stockholders was \$12.0 million, or
21 \$0.31 per diluted share, as compared to a net loss in 2002 of \$34.8 million, or
22 \$1.39 per diluted share.

23 * * *

24 ***“The year 2003 has been nothing short of remarkable for Dot Hill, and we
25 are delighted with the progress we have made,” said James Lambert, president and
26 chief executive officer. “We more than quadrupled our revenue as compared to
27 last year, and posted record profits. We added \$179.5 million of cash, cash
28 equivalents and short-term investments to our balance sheet during 2003,
streamlined the company’s operations, outsourced manufacturing, reduced overall
headcount and supplied our customers with some of the most reliable products in
the industry. Today, we announced that our key OEM customer extended our
agreement with them by two years until May of 2007, and we look forward to
working together to bring additional new and exciting products to market.***

29 ***“We have never been more optimistic about Dot Hill’s future. We are in
30 discussions with our largest OEM customer regarding the addition of new
31 products to our current agreement. Over the past year, we have signed up several
32 new systems integrators and we are in discussions with several tier-one and tier-
33 two OEM customers. We expect these events to increase 2004 net revenue by as
34 much as 40 to 50 percent over that of 2003 net revenue. However, we currently
35 project revenue figures for the first quarter of 2004 to be relatively flat as
36 compared to the previous quarter. This is due in part to our customers’ normal
37 seasonality. Given the improvement in gross profit and the timing of research and
38 development expenses, we anticipate the diluted earnings per share for the first
quarter of 2004 to improve slightly over the fourth quarter 2003 figures.”***

39 28. On March 15, 2004, Dot Hill filed its 2003 Form 10-K with the SEC, including
40 financial results virtually identical to those announced in the press release. With respect to
41 defendants’ design and evaluation of the Company’s internal and disclosure controls, the 10-K

1 included representations virtually identical to the language in Dot Hill's Form 10-Q for first quarter
2 2003, as described in ¶16 above.

3 29. On April 28, 2004, the Company issued a press release titled "Dot Hill Reports First
4 Quarter 2004 Results." The press release stated:

5 Dot Hill Systems Corp. today announced financial results for the first quarter
6 ended March 31, 2004. These results met or exceeded the high end of the range of
7 the estimates provided in the company's preliminary earnings release of April 5,
8 2004.

9 Net revenue was \$48.8 million for the first quarter of 2004, compared to
10 \$30.5 million for the first quarter of 2003, and \$57.5 million for the fourth quarter
11 of 2003. The company reported a net loss of \$0.04 per share on a basic and fully
12 diluted basis. Excluding the impact of a one-time charge of \$4.7 million related to
13 in process research and development and amortization expense of \$251,300 for the
14 for the [sic] period of Feb. 23, 2004 to March 31, 2004 related to intangible assets
15 acquired in connection with Dot Hill's recent acquisition of Chaparral Network
16 Storage, Inc., pro forma earnings per share for the first quarter were \$0.07 on a fully
17 diluted basis, assuming fully diluted weighted average shares outstanding of
18 46,852,000. Additionally, for the first quarter of 2004, cash, cash equivalents and
19 short-term investments totaled \$127 million, or \$2.71 per share assuming fully
20 diluted weighted average shares outstanding of 46,852,000. For the first quarter of
21 2003, net loss attributable to common stockholders was \$0.06 per share on a basic
22 and fully diluted basis, and for the fourth quarter of 2003, net income was \$0.14 per
23 share on a fully diluted basis.

24 "While the first quarter turned in lower than expected results, we remain
25 confident of our prospects for the rest of the year," said James Lambert, Dot Hill's
26 president and chief executive officer. "We will begin shipping our new Serial ATA
27 product this quarter, and anticipate a favorable market reception for that product.
28 The transition following the Chaparral acquisition continues to go very well, and we
are looking forward to bringing additional new products to market based on this
technology. We also continue to work on diversifying our revenue stream by adding
new customers and sustaining successful relationships with our existing partners."

*"For the second quarter of 2004, we maintain our moderate outlook, and
reaffirm targeted net revenue in the range of \$57 to \$60 million, and earnings per
share in the range of \$0.09 to \$0.11 on a fully diluted basis," said Preston Romm,
Dot Hill's chief financial officer. "Excluding the impact of \$722,000 in
amortization expense related to intangible assets resulting from our recent
acquisition of Chaparral, pro forma earnings per share for the second quarter of
2004 are expected to be in the range of \$0.10 to \$0.12 on a fully diluted basis."*

30. On May 15, 2004, Dot Hill filed its Form 10-Q for first quarter 2004 with the SEC,
including financial results virtually identical to those announced in the press release. With respect
to defendants' design and evaluation of the Company's internal and disclosure controls, the 10-Q
included representations virtually identical to the language in Dot Hill's Form 10-Q for first quarter
2003 as described in ¶16 above.

1 31. On July 28, 2004, the Company issued a press release titled "Dot Hill Exceeds
2 Second Quarter 2004 Guidance and Posts Record Revenue; Second Quarter Net Revenue Up 44
3 Percent and Net Income Up 134 Percent Year Over Year." The press release stated:

4 Dot Hill Systems Corp. today announced financial results for the second
5 quarter ended June 30, 2004. Net revenue increased to \$69.6 million for the second
6 quarter of 2004, compared to \$48.4 million for the second quarter of 2003, and \$48.8
7 million for the first quarter of 2004. This represents a 44 percent increase year over
year and a 43 percent increase quarter over quarter. These figures exceed the previous
company guidance released on April 28, 2004 of net revenue in the range of \$57 to
\$60 million.

8 Net income for the second quarter of 2004 was \$6.0 million, or \$0.13 per
9 share on a fully diluted basis. This compares to second quarter 2003 net income of
10 \$2.6 million or \$0.07 per share on a fully diluted basis, and a first quarter 2004 loss
11 of \$1.9 million or \$0.04 per share on a fully diluted basis. This represents a
12 134 percent increase year over year. On a pro forma basis, net income for the second
13 quarter of 2004 was \$6.7 million or \$0.15 per share on a fully diluted basis compared
14 to second quarter 2003 net income of \$2.6 million or \$0.07 per share on a fully
15 diluted basis, and first quarter 2004 net income of \$3.0 or \$0.07 per share on a fully
16 diluted basis. This represents a 163 percent increase year over year and a
17 127 percent increase quarter over quarter. Pro forma results do not include:
18 amortization expense related to intangible assets associated with Dot Hill's
19 acquisition of Chaparral Network Storage, Inc., the write-off of in-process research
20 and development associated with this acquisition, an inventory write-off associated
21 with the discontinued SANnet(R) II NAS project, and a favorable settlement of
22 previously established restructuring reserves. These figures exceed the previous
company guidance set on April 28, 2004 of earnings per share in the range of \$0.09
to \$0.11 on a fully diluted basis and pro forma earnings per share in the range of
\$0.10 to \$0.12 on a fully diluted basis . . .

17 * * *

18 *"Our earnings guidance for the third quarter of 2004 is for net revenue in
19 the range of \$57 to \$61 million and net income per share in the range of \$0.08 to
20 \$0.10 on a fully diluted basis and a range of \$0.09 to \$0.11 on a pro forma basis.
21 Based on the current visibility, we are taking a cautious view of the third quarter
22 as this represents our largest customer's first fiscal quarter, and includes the
traditionally slow summer purchasing season. Additionally, we want to monitor
the success of our new SATA product line and assess general concerns over IT
spending in the near term like many other companies in our industry."*

23 32. On August 9, 2004, Dot Hill filed its Form 10-Q for second quarter 2004 with the
24 SEC, including financial results virtually identical to those announced in the press release. With
25 respect to defendants' design and evaluation of the Company's internal and disclosure controls, the
26 10-Q contained representations virtually identical to the language included in Dot Hill's Form 10-Q
27 for first quarter 2003, as described in ¶16 above.

28 33. On October 27, 2004, the Company issued a press release announcing its third quarter

1 2004 financial results, which defendants stated were "In Line With Guidance," and in which
2 defendants noted "Gross Profit Percentage Improves." The press release stated:

3 Dot Hill Systems Corp. today announced financial results for the third quarter
4 ended September 30, 2004. Net revenue was \$57.0 million for the third quarter of
5 2004, compared to \$51.0 million for the third quarter of 2003, and \$69.6 million for
6 the second quarter of 2004. This revenue figure was within the guidance range the
7 company released in July 2004.

8 Net income for the third quarter of 2004 was \$3.6 million, or \$0.08 per share
9 on a fully diluted basis. This compares to third quarter 2003 net income of
10 \$4.3 million or \$0.11 per share on a fully diluted basis, and second quarter 2004 net
11 income of \$6.0 million or \$0.13 per share on a fully diluted basis. On a pro forma
12 basis, net income for the third quarter of 2004 was \$4.4 million or \$0.10 per share on
13 a fully diluted basis compared to second quarter 2004 net income of \$6.7 million or
14 \$0.15 per share on a fully diluted basis. These figures also are within the guidance
15 range that the company set in July 2004

16 * * *

17 *"Based on our current visibility and taking into account the challenges that
18 many technology companies currently face, we are setting guidance for the fourth
19 quarter of 2004 for net revenue targeted in the range of \$60 to \$64 million and net
20 income per share targeted in the range of \$0.09 to \$0.11 on a fully diluted basis
21 and a range of \$0.10 to \$0.12 on a pro forma basis," said Preston Romm, Dot
22 Hill's chief financial officer. "At the end of the quarter, cash, cash equivalents
23 and short-term investments were \$114.6 million, a decrease of \$10.7 million from
24 the end of the second quarter of 2004. This decrease was due to the repayment of
25 a \$7.2 million note and related interest that was assumed in connection with the
26 acquisition of Chaparral, and an increase in payment terms from our largest
27 customer."*

28 34. On November 9, 2004, Dot Hill filed its Form 10-Q for third quarter 2004 with the
SEC, including financial results virtually identical to those announced in the press release. With
respect to defendants' design and evaluation of the Company's internal and disclosure controls, the
10-Q included representations virtually identical to the language in Dot Hill's Form 10-Q for first
quarter 2003, as described in ¶16 above.

Disclosures at the End of the Class Period

35. On February 3, 2005, the Company issued a press release announcing the
"Restatement of [Dot Hill's] 2004 Unaudited Financials." The press release stated:

 Dot Hill Systems Corp. today announced preliminary financial results for the
fourth quarter ended December 31, 2004. The company expects to report an increase
in net revenue to \$65.5 million for the fourth quarter of 2004, compared to \$57.5
million for the fourth quarter of 2003, and \$57.0 million for the third quarter of 2004.
This represents a 14 percent increase year over year and a 15 percent increase quarter
over quarter. This revenue figure exceeded the guidance range of \$60 to \$64 million

1 the company released in October 2004.

* * *

2 *"The year-end financial statement audit being performed by Dot Hill's*
3 *independent registered public accounting firm has taken longer than anticipated,*
4 *in part due to the simultaneous audit being performed by the company's*
5 *independent accountants of management's evaluation of internal controls*
6 *pursuant to Section 404 of the Sarbanes-Oxley Act of 2002," said Preston Romm,*
7 *Dot Hill's chief financial officer. "We expect to report our final numbers for the*
8 *fourth quarter and the full year 2004 with the filing of our Annual Report on*
9 *Form 10-K for the year ended December 31, 2004."*

* * *

7 Update on Section 404 of the Sarbanes-Oxley Act of 2002

8 Under the supervision and with the participation of the company's
9 management, including its chief executive officer and chief financial officer, Dot Hill
10 is completing its evaluation of the effectiveness of its internal controls as of
11 December 31, 2004 in compliance with Section 404 of the Sarbanes-Oxley Act of
12 2002. The company is conducting its evaluation based on the framework in Internal
13 Control - Integrated Framework issued by the Committee of Sponsoring
14 Organizations of the Treadway Commission. The company's evaluation, which will
15 conclude that our controls are ineffective, will be set forth in Management's Annual
16 Report on Internal Control Over Financial Reporting which will be included in the
17 company's Annual Report on Form 10-K for the year ended December 31, 2004.
18 Based on its evaluation to date, the company expects to disclose internal control
19 deficiencies that constitute material weaknesses relating to its financial closing
20 process, inventory processing and processing related to fixed assets. The company
21 attributes these material weaknesses primarily to its aged enterprise resource
22 planning (ERP) software package and the lack of the proper accounting resources to
23 manage the information as reported by this ERP system given its limitations.
24 Although the company believes its ERP system and personnel have been adequate
25 in prior years in light of the company's historical business model and stage of
26 development, the company's rapid revenue growth in recent years and related
27 increase in both the number and complexity of transactions has put a strain on its
28 ERP system and accounting personnel. In the process of working with Dot Hill's
Audit Committee, certain corrective actions will be taken which will include, but are
not limited to, additional accounting resources and improved information technology
capabilities.

Restatement of Financial Statements

21 Dot Hill has identified a data entry error that it has determined had a material
22 impact on its 2004 interim financial statements included in its Forms 10-Q. The
23 company attributes this error to the material weaknesses in its internal control over
24 its financial closing process as described above. In addition, the company has
25 identified other errors pertaining to the quarters ended March 31, 2004, June 30,
26 2004 and September 30, 2004 that it deems immaterial, including: the incorrect
27 classification of certain product costs as operating expenses, the failure to eliminate
28 corresponding revenue and cost of goods sold entries and the presence of duplicate
entries. Although management regards certain of these errors as immaterial, the
company has determined that it will correct all such errors for each of the periods
noted above. While the company is continuing its assessment of the magnitude of
such errors, the company's preliminary assessment of the estimated impact of such
errors is presented in the following table. The company has included the impact of
correcting the errors described above in the company's preliminary results for the

1 year ended December 31, 2004 discussed in this press release:

2 (in thousands)	3 First Quarter as Reported	3 First Quarter as Restated	3 Second Quarter as Reported	3 Second Quarter as Restated
4 Revenue	\$ 48,781	\$ 47,887	\$ 69,604	\$ 68,985
5 Cost of Sales	\$ 35,278	\$ 35,712	\$ 52,487	\$ 51,820
6 Net Income (loss)	\$ (1,883)	\$ (2,585)	\$ 5,995	\$ 6,697

7 * * *

9 (in thousands)	9 Third Quarter as Reported	9 Third Quarter as Restated	9 Fourth Quarter	9 2004
10 Revenue	\$ 56,966	\$ 56,957	\$ 65,516	\$ 239,345
11 Cost of Sales	\$ 41,439	\$ 42,261	\$ 50,096	\$ 179,889
12 Gross Profit Margin	\$ 15,527	\$ 14,696	\$ 15,420	\$ 59,456
13 Net Income (loss)	\$ 3,628	\$ 3,451	\$ 3,912	\$ 11,475

15 The Company is working to complete its review of these errors and finalize
16 its assessment of the impact on each of the periods referred to above. Once the
17 company's review is completed and the results are communicated to the company's
18 independent registered public accounting firm, the company expects to restate its
19 financial statements included in its Forms 10-Q for the quarters ended March 31,
2004, June 30, 2004 and September 30, 2004. *Accordingly, investors are cautioned
not to rely on the company's historical financial statements for the period noted.*

20 36. The true facts, which defendants knew or recklessly disregarded but concealed from
the investing public during the Class Period, were as follows:

21 (a) The Company's accounting department suffered from material weaknesses
22 and deficiencies and lacked the necessary staff and resources to perform its required functions.

23 (b) The Company's inadequate internal accounting process and controls enabled
24 Dot Hill management to manipulate the Company's Costs of Goods Sold ("COGS") and routinely
25 and inappropriately misclassify "expenses" causing Dot Hill to issue false financial statements.

26 (c) The Company's internal controls suffered serious deficiencies in multiple
27 areas, including: (i) data entry; (ii) expense classification; (iii) financial closing processing;
28

1 (iv) fixed asset processing; and (v) inventory processing.

2 (d) The Company's financial reporting process lacked effective internal controls,
3 which were required to enable it to properly analyze and/or estimate Dot Hill's future financial and
4 operational performance.

5 (e) The Company falsely reported its financial results for the first three quarters
6 of 2004, by improperly recognizing revenue and improperly recording expenses.

7 LOSS CAUSATION/ECONOMIC LOSS

8 37. During the Class Period, as described herein, defendants engaged in a scheme to
9 deceive the market and a course of conduct that artificially inflated Dot Hill's stock price and
10 operated as a fraud or deceit on Class Period purchasers of Dot Hill stock by misrepresenting the
11 Company's financial results, business success and future business prospects. Defendants achieved
12 this facade of success, growth and strong future business prospects by misrepresenting the
13 Company's future results. Later, however, when defendants' prior misrepresentations and fraudulent
14 conduct were disclosed and became apparent to the market, Dot Hill stock plummeted as the
15 artificial inflation was removed from Dot Hill's share price. As a result of their purchases of Dot Hill
16 stock during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*,
17 damages, under the federal securities laws.

18 38. By misrepresenting its product success, defendants presented a misleading picture
19 of Dot Hill's business and prospects. Thus, instead of accurately disclosing during the Class Period
20 that Dot Hill's business was not as healthy as represented, defendants caused Dot Hill to falsely
21 report its earnings.

22 39. Defendants' false statements caused and maintained the artificial inflation in Dot
23 Hill's stock price throughout the Class Period and until the truth was revealed to the market.

24 40. Defendants' false and misleading statements had the intended effect and caused Dot
25 Hill stock to trade at artificially inflated levels throughout the Class Period, reaching as high as
26 \$17.37 per share.

27 41. As a direct result of defendants' admissions and the public revelations concerning the
28 truth about Dot Hill's financial performance and its actual business prospects going forward, Dot

1 Hill's stock price plummeted, falling to \$5.70 per share in February 2005. This drop removed the
2 inflation from Dot Hill's stock price, causing real economic loss to investors who had purchased the
3 stock during the Class Period. In sum, as the truth about defendants' fraud and Dot Hill's business
4 performance was revealed, the Company's stock price plummeted, the artificial inflation was
5 removed from the stock, and plaintiff and other members of the Class were damaged.

6 42. The 60% decline in Dot Hill's stock price from early 2004 was a direct result of the
7 nature and extent of defendants' fraud finally being revealed to investors and the market. The timing
8 and magnitude of Dot Hill's stock price declines negate any inference that the loss suffered by
9 plaintiff and other Class members was caused by changed market conditions, macroeconomic or
10 industry factors or Company-specific facts unrelated to defendants' fraudulent conduct. During
11 the same period in which Dot Hill's stock price fell 60%, from \$14-\$16 per share in early 2004, as
12 a result of defendants' fraud being revealed, the Standard & Poor's 500 securities index was
13 essentially flat. The economic loss, *i.e.*, damages, suffered by plaintiff and other members of the
14 Class was a direct result of defendants' fraudulent scheme to artificially inflate Dot Hill's stock price
15 and the subsequent significant decline in the value of Dot Hill's stock when defendants' prior
16 misrepresentations and other fraudulent conduct was revealed.

17 **FIRST CLAIM FOR RELIEF**
18 **For Violation of §10(b) of the 1934 Act and Rule 10b-5**
19 **Against All Defendants**

20 43. Plaintiff incorporates ¶¶1-42 by reference.

21 44. During the Class Period, defendants disseminated or approved the false statements
22 specified above, which they knew or deliberately disregarded were misleading in that they contained
23 misrepresentations and failed to disclose material facts necessary in order to make the statements
24 made, in light of the circumstances under which they were made, not misleading.

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

- 26 (a) Employed devices, schemes, and artifices to defraud;
- 27 (b) Made untrue statements of material facts or omitted to state material facts
28 necessary in order to make the statements made, in light of the circumstances under which they were
made, not misleading; or

1 (c) Engaged in acts, practices, and a course of business that operated as a fraud
2 or deceit upon plaintiff and others similarly situated in connection with their purchases of Dot Hill
3 common stock during the Class Period.

4 46. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of
5 the market, they paid artificially inflated prices for Dot Hill common stock. Plaintiff and the Class
6 would not have purchased Dot Hill common stock at the prices they paid, or at all, if they had been
7 aware that the market prices had been artificially and falsely inflated by defendants' misleading
8 statements.

9 47. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and
10 the other members of the Class suffered damages in connection with their purchases of Dot Hill
11 common stock during the Class Period.

12 **SECOND CLAIM FOR RELIEF**
13 **For Violation of §20(a) of the 1934 Act**
14 **Against All Defendants**

14 48. Plaintiff incorporates ¶¶1-47 by reference.

15 49. The Individual Defendants acted as controlling persons of Dot Hill within the
16 meaning of §20(a) of the 1934 Act. By reason of their positions as officers and/or directors of Dot
17 Hill, and their ownership of Dot Hill stock, the Individual Defendants had the power and authority
18 to cause Dot Hill to engage in the wrongful conduct complained of herein. Dot Hill controlled each
19 of the Individual Defendants and all of its employees. By reason of such conduct, the Individual
20 Defendants and Dot Hill are liable pursuant to §20(a) of the 1934 Act.

21 **CLASS ACTION ALLEGATIONS**

22 50. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules
23 of Civil Procedure on behalf of all persons who purchased Dot Hill common stock on the open
24 market during the Class Period (the "Class"). Excluded from the Class are defendants.

25 51. The members of the Class are so numerous that joinder of all members is
26 impracticable. The disposition of their claims in a class action will provide substantial benefits to
27 the parties and the Court. Dot Hill had more than 43 million shares of stock outstanding, owned by
28 hundreds if not thousands of persons.

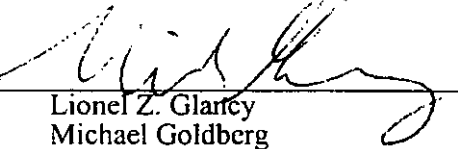
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JURY DEMAND

Plaintiff hereby demands a trial by jury on all issues so triable.

DATED: February 9, 2006

GLANCY BINKOW & GOLDBERG LLP

By 
Lionel Z. Glancy
Michael Goldberg

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Counsel for Plaintiff

**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

I, Inna Naryznai ("Plaintiff") declare the following claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the complaint and authorized its filing. Plaintiff retains the Law Offices of Bruce G. Murphy, P.C. and such co-counsel it deems appropriate to associate with to pursue such action on a contingent fee basis.
2. Plaintiff did not acquire the securities that are the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.
3. Plaintiff is willing to serve as a Named and/or Lead Plaintiff either individually or as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

No. of Shares	Securities Symbol	Buy/Sell	Date	Price Per Share
<u>1000</u>	<u>HILL</u>	<u>B/1000</u>	<u>Mar 2, 2004</u>	<u>14.32</u>
<u>1000</u>	<u>HILL</u>	<u>S/1000</u>	<u>Mar 3, 2004</u>	<u>14.00</u>
<u>1000</u>	<u>HILL</u>	<u>B/1000</u>	<u>Mar 8, 2004</u>	<u>13.84</u>
<u>1000</u>	<u>HILL</u>	<u>B/1000</u>	<u>Apr 1, 2004</u>	<u>11.03</u>
<u>1200</u>	<u>HILL</u>	<u>S/1200</u>	<u>May 05, 2005</u>	<u>4.77</u>

These securities were acquired or held in (check all that apply): General (non-retirement account) Merger/acquisition/distribution Gift IRA Employer-sponsored plan (401k, 403b, etc.)

5. During the three years prior to the date of this Certificate, Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below:

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 6 day of February, 2006.

[Signature]
Signature

Inna Naryznai
Print Name

JS-44

(Rev. 97-89)

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE SECOND PAGE OF THIS FORM.)

CIVIL COVER SHEET

Filing by FAX

FILED 2005 FEB -9 PM 12:10

I. PLAINTIFFS

INNA NARYZNAI, individually and on behalf of all others similarly situated, (b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF (EXCEPT IN U.S. PLAINTIFF CASES)

DEBTORS TRUST COMPANY, CORPORATION, JAMES L. LAMBERT, DANA W. KAMMERSGARD, PRESTON S. ROMM, And WILLIAM R. SAUEY. COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT (IN U.S. PLAINTIFF CASES ONLY)

Ontario, Canada

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

Lionel Z. Glancy, Glancy Binkow & Goldberg LLP, 1801 Avenue of the Stars, #311, (310) 201-9150

ATTORNEYS (IF KNOWN)

'06CV 0281 WJH CAB

II. BASIS OF JURISDICTION (PLACE AN X IN ONE BOX ONLY)

- U.S. Government Plaintiff, Federal Question (U.S. Government Not a Party), U.S. Government Defendant, Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT) (For Diversity Cases Only)

- Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business in This State, Incorporated and Principal Place of Business in Another State, Foreign Nation

IV. CAUSE OF ACTION (CITE THE US CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES (UNLESS DIVERSITY). 15:0078-59

Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

V. NATURE OF SUIT (PLACE AN X IN ONE BOX ONLY)

Table with columns: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, BANKRUPTCY, FEDERAL TAX SUITS, OTHER STATUTES. Includes various legal categories like Personal Injury, Real Property, Labor, etc.

VI. ORIGIN (PLACE AN X IN ONE BOX ONLY)

- Original Proceeding, Removal from State Court, Remanded from Appellate Court, Reinstated or Reopened, Transferred from another district (specify), Multidistrict Litigation, Appeal to District Judge from Magistrate Judgment

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER f.r.c.p. 23, DEMAND \$, JURY DEMAND: YES NO

VIII. RELATED CASE(S) IF ANY (See Instructions): JUDGE Hon. Thomas J. Whelan, Docket Number 06-cv-223, DATE 2/9/2006, SIGNATURE OF ATTORNEY OF RECORD

PAID B25000 2/9/06

BH RPT # 121373