

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

----- X  
James M. Gorman, individually and on  
behalf of all others similarly situated,

Plaintiff,

- v. -

COMVERSE TECHNOLOGY, INC, KOBI  
ALEXANDER, ZEEV BREGMAN, DAVID  
KREINBERG AND ITSIK DANZIGER,

Defendants.  
-----

CV 06 2738  
C. No.:

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

GARAUFIS, J.

ATRACK, J.

FILED  
IN CLERK'S OFFICE  
U.S. DISTRICT COURT E.D.N.Y.

CA  
SL

JUN 01 2006 \*

BROOKLYN OFFICE

Plaintiff, individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint, alleges upon personal knowledge as to himself and his own acts, and upon information and belief as to all other matters, based upon, *inter alia*, the investigation made by and through his attorneys, which investigation included, among other things, a review of the public documents, Securities and Exchange Commission ("SEC") filings, analyst reports, news releases and media reports of Comverse Technology Inc. ("Comverse" or the "Company"), as follows:

JURISDICTION AND VENUE

1. The claims alleged herein arise under Sections 10(b) and 20 of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t, and Rule 10b-5, 17 C.F.R. § 240.10b-5 promulgated thereunder.

2. The jurisdiction of this Court is based on Section 27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1331 (federal question jurisdiction).

3. Venue is proper in this judicial district pursuant to Section 27 of the Exchange Act. Many of the acts and transactions giving rise to the violations of law complained of herein, including the preparation and dissemination to the investing public of materially false and misleading information, occurred in this judicial district. At the time of the wrongs complained of herein, Comverse maintained its executive offices at One Huntington Quadrangle, Melville, New York.

4. In connection with the acts, transactions and conduct alleged herein, defendants used the means and instrumentalities of interstate commerce, including the United States mails, interstate telephone communications and the facilities of a national securities exchange and market.

#### THE PARTIES

5. Plaintiff James M. Gorman purchased shares of Comverse common stock during the Class Period, as set forth in the accompanying Certification, and has been damaged as a result of defendants' conduct as alleged herein.

6. Defendant Comverse a New York corporation incorporated in 1984, designs, develops, manufactures, markets and supports software, systems, and related services for multimedia communication and information processing applications. The Company's products are used in a broad range of applications by wireless and wireline telecommunications network operators and service providers, call centers, and other government, public and commercial organizations worldwide Comverse common stock trades on the NASDAQ under the symbol "CMVT".

7. Defendant Kobi Alexander ("Alexander") is a founder of the Company and has served as Chairman of the Board of Directors since September 1986 and as Chief Executive

Officer since April 1987. Alexander has served as a director of the Company since its formation in October 1984. Alexander served as President of the Company from its formation in October 1984 until January 2001.

8. Defendant Zeev Bregman ("Bregman") has served as Chief Executive Officer of Comverse since January 2001. From 1987, Bregman served in various management and marketing positions within the Company, including Vice President, EMEA Division of Comverse and Vice President, Messaging Division of Comverse.

9. Defendant David Kreinberg ("Kreinberg") has served as Executive Vice President and Chief Financial Officer of the Company since September 2002. Previously, Kreinberg served as the Company's Vice President of Finance and Chief Financial Officer from May 1999, as Vice President of Finance and Treasurer from April 1996 and as Vice President of Financial Planning from April 1994. Kreinberg is a Certified Public Accountant, and prior to joining the Company he served as a senior manager at Deloitte & Touche LLP.

10. Defendant Itsik Danziger ("Danziger") has served as a director of the Company since November 1998

11. Defendants Alexander, Bregman, Kreinberg and Danziger are collectively referred to as the "Individual Defendants."

### **CLASS ACTION ALLEGATIONS**

12. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons who purchased Comverse common stock during the period April 30, 2001 to April 16, 2006 inclusive (the "Class Period") and who were damaged thereby (the "Class"). Excluded from the Class are the Company, its officers and directors, employees, affiliates, legal representatives, heirs, predecessors, successors

and assigns, and any entity in which the Company has a controlling interest or of which the Company is a parent or subsidiary.

13. The members of the Class are located in geographically diverse areas and are so numerous that joinder of all members is impractical. The Company has over 28 million shares of common stock outstanding. While the exact number of Class members is unknown to the plaintiff at this time, and can only be ascertained through appropriate discovery, plaintiff believes there are, at a minimum, over one thousand members of the Class who held Company stock.

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

(a) Whether defendants engaged in acts or conduct in violation of the federal securities laws as alleged herein;

(b) Whether defendants had a duty to disclose certain information;

(c) Whether defendants acted negligently, knowingly or recklessly in making materially false and misleading statements or in failing to correct such statements upon learning that they were materially false and misleading during the Class Period;

(d) Whether the market price of the Company's common stock during the Class Period was artificially inflated because of defendants' conduct complained of herein; and

(e) Whether members of the Class have sustained damages and, if so, the proper measure of damages.

15. Plaintiff's claims are typical of the claims of the members of the Class because plaintiff and members of the Class sustained damages arising out of defendants' wrongful conduct in violation of federal law as complained of herein.

16. 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. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

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

**Fraud on the Market Presumption**

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

- (a) Defendants made public misrepresentations or failed to disclose material facts regarding Comverse's financial situation during the Class Period;
- (b) the omissions and misrepresentations were material;
- (c) the securities of the Company traded at all relevant times on the American Stock Exchange, an efficient and open market;
- (d) the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- (e) Plaintiff and the members of the Class, without knowledge of the misrepresented facts, purchased their Comverse securities between the time defendants failed to disclose and/or misrepresented material facts and the time the truth was disclosed.

19. Based upon the foregoing, plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market

**The Safe Harbor Provision is Inapplicable**

20. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward-looking, they were not adequately identified as “forward-looking statements” when made, there were no statements made with respect to any of those representations forming the basis of the complaint that actual results “could differ materially from those projected,” and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor is intended to apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker had actual knowledge that the particular forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized and/or approved by an executive officer of Comverse who knew that those statements were false when made.

**SUBSTANTIVE ALLEGATIONS**

21. A stock option granted to an employee of a corporation allows the employee to purchase company stock at a specified price – referred to as the “exercise price” – for a specified period of time. Stock options are granted as part of employee compensations packages as a means to create incentives to boost profitability and stock value. When the employee exercises

the option, he or she purchases the stock from the company at the exercise price, regardless of the stock's price at the time the option is exercised. If the exercise price is lower than it should be, the employee pays less and the company get less when the stock option is exercised. When shares rise above that price, the holder can profit by buying shares at the lower exercise price and selling them at the higher market price, profiting from the difference, less transaction costs and taxes.

22. The practice of manipulating stock options dates not only potentially line the pockets of Individual Defendants but also resulted in the overstatement of Comverse's profits between 2001 and the first three quarters of 2006. This is because options priced below the stock fair market value when they are awarded bring the recipient an instant paper gain. Under accounting rules, that is the equivalent of additional compensation and thus must be treated as a cost to the company. Comverse did not properly account for the options granted. As a result of the Company manipulating the actual dates of measurement for stock options Comverse is forced to record additional non-cash charges for stock-based compensation expenses in prior periods. The Company expects that such non-cash charges will be material and that the Company will be restate its historical financial statements for each of the fiscal years ended January 31, 2005, 2004, 2003, 2002 and 2001 and for the first three quarters of the fiscal year ended January 31, 2006.

23. The Company has adopted an incentive stock option plan. The company's incentive stock plan provides in part:

Awards Under the Incentive Plan. The Incentive Plan provides, in general, for grants of incentive stock options described in Code Section 422 ("ISOs"), options to acquire Common Stock that do not qualify as ISOs ("Nonqualified Options", and, together with ISOs, "Options"), stock appreciation rights ("SARs"), restricted stock ("Restricted Stock") and deferred stock ("Deferred Stock")

(each of the foregoing grants, an "Award"). Awards may be granted alone or in tandem, and on such terms and conditions as the Compensation Committee determines, subject to certain limitations contained in the Incentive Plan.

**Options and SARs.** An Option Award is the right to purchase a specified number of shares of Common Stock, Deferred Stock or Restricted Stock (as selected by the Compensation Committee) from the Company for a specified time period at a fixed price. The option agreement will specify when an Option may be exercised and conditions applicable to it. The exercise price of each Option will be determined by the Compensation Committee, but the exercise price of an ISO must not be less than the Fair Market Value (as defined in the Incentive Plan) of a share of Common Stock on the grant date. The exercise price of an ISO granted to a person who owns, directly or indirectly, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a subsidiary ("Ten Percent Shareholder") must not be less than 110% of the Fair Market Value of a share of Common Stock on the date of grant. If granted expressly in lieu of cash compensation, the exercise price of a Non-Qualified Option may be set at a discount of not more than 15% from Fair Market Value on the grant date.

24. On April 30, 2001, Comverse filed with the SEC its Annual Report on Form 10-K for the period ending January 31, 2001.

25. The following table sets forth information concerning options to purchase shares of common stock granted, during the year ended January 31, 2001 to the following defendants under the Company's employee stock option plan:

<b>Name</b>	<b>Number of Shares Subject to Option</b>
Kobi Alexander	600,000
Itzik Danziger	200,000
Zeev Bregman	250,000
David Kreinberg	100,000

26. On April 30, 2002, Comverse filed with the SEC its Annual Report on Form 10-K for the period ending January 31, 2002.

27. In May 2002, the Company announced the commencement of a voluntary stock option exchange program for its eligible employees. Under the program, which was approved by

the Company's shareholders, participating employees were given the opportunity to have unexercised stock options previously granted to them cancelled, in exchange for replacement options that were granted at a future date. Replacement options were granted at a ratio of 0.85 new options for each existing option cancelled, at an exercise price equal to the fair market value of the Company's stock on the date of the re grant.

28. The following table sets forth information concerning options to purchase shares of common stock granted, during the year ended January 31, 2002 to the following defendants under the Company's employee stock option plan:

<b>Name</b>	<b>Number of Shares Subject to Option</b>
Kobi Alexander	600,000
Itsik Danziger	200,000
Zeev Bregman	250,000
David Kreinberg	125,000

29. On April 30, 2003, Comverse filed with the SEC its Annual Report on Form 10-K for the period ending January 31, 2003. In connection with such report, the Company submitted to the Securities and Exchange Commission the certifications of the principal executive officer and the principal financial officer of the Company as required pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

30. The following table sets forth information concerning options to purchase shares of common stock granted, during the year ended January 31, 2003 to the following defendants under the Company's employee stock option plans:

<b>Name</b>	<b>Number of Shares Underlying Options Granted</b>
Kobi Alexander	535,501
	510,000
	509,999
	382,499

Itsik Danziger	170,000
	170,000
	110,500
	31,875
Zeev Bregman	255,000
	212,500
	76,500
	25,500
David Kreinberg	106,252
	85,000

The options in the above table vest in increments over the period of up to three years from the year of grant. The exercise price of the options is equal to the fair market value of the underlying shares at the date of grant.

31. On April 14, 2004, Converse filed with the SEC its Annual Report on Form 10-K for the period ending January 31, 2004. In connection with such report, the Company submitted to the Securities and Exchange Commission the certifications of the principal executive officer and the principal financial officer of the Company as required pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32. The following table sets forth information concerning options to purchase shares of common stock granted during the year ended January 31, 2004 to the following defendants:

<b>Name</b>	<b>Number of Shares Underlying Options Granted</b>
Kobi Alexander	461,000
Itsik Danziger	45,000
Zeev Bregman	211,300
David Kreinberg	134,500

The options in the above table vest in increments over the period of four years from the date of grant. The exercise price of the options is equal to the fair market value of the underlying shares at the date of grant

33. On April 4, 2005, Comverse filed with the SEC its Annual Report on Form 10-K for the period ending January 31, 2005.4. In connection with such report, the Company submitted to the Securities and Exchange Commission the certifications of the principal executive officer and the principal financial officer of the Company as required pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

34. The following table sets forth information concerning options to purchase shares of Common Stock granted during the year ended January 31, 2005 to following defendants under the Company's employee stock option plans:

<b>Name</b>	<b>Number of Shares Underlying Options Granted</b>
Kobi Alexander	182,100
Zeev Bregman	120,000
David Kreinberg	100,000

The options in the above table vest in increments over the period of four years from the date of grant. The exercise price of the options is equal to the fair market value of the underlying shares at the date of grant.

35. According to Comverse's SEC filing the weighted average fair value of the options granted for the years ended January 31, 2003, 2004 and 2005, respectively, is estimated at \$4.66, \$9.88 and \$12.98 on the date of grant respectively.

36. On March 14, 2006, Comverse announced the creation of a special committee of its Board of Directors composed of outside directors to review matters relating to the company's stock option grants, including, but not limited to, the accuracy of the stated dates of option grants and whether all proper corporate procedures were followed. The press release stated:

Although it has not been determined whether the review will result in any restatement of the company's historical financial statements and, if so, the years affected and the amounts involved, management believes that certain restatements will likely be

required. Any such restatements will not have an impact on historical revenues or operating results excluding stock option related expenses. In the fourth quarter ended January 31, 2006, the company achieved sales of \$337,726,000, its thirteenth consecutive quarter of sequential sales growth, generated \$153,614,000 in operating cash flow, and ended the quarter with a record orders backlog of \$798,175,000.

The company ended the quarter with cash and cash equivalents, bank time deposits and short-term investments of \$2,105,625,000, accounts receivable of \$315,451,000, inventories of \$135,601,000, prepaid expenses and other current assets of \$98,553,000, property and equipment, net, of \$137,722,000, other assets of \$471,217,000, total assets of \$3,264,169,000, advance payments from customers of \$208,519,000, and convertible debt of \$419,759,000.

The company will seek to release its full results for the fourth quarter and year ended January 31, 2006 as soon as practicable after the completion of the special committee's review and the determination of whether any restatement of the company's historical financial statements is required. The company cautions that investors should not make assumptions about the cost of sales, gross margin, operating expenses, income from operations, net income, earnings per share or other financial statement items that may be affected by stock option related expenses.

37. On this news the stock dropped from \$29.15 to \$24.85.

38. On April 17, 2006, Converse announced that, as a result of the ongoing review relating to the Company's stock option grants, it will be filing a Form 12b-25 with the Securities and Exchange Commission (the "SEC") indicating that its Annual Report on Form 10-K for the fiscal year ended January 31, 2006 will not be filed on its due date of April 17, 2006. The Company said that would not seek a 15-day filing extension because it does not believe it could file the Annual Report by the end of the extension period. The press release stated:

As previously announced on March 14, 2006, the Company's Board of Directors created a special committee (the "Special Committee") composed of outside directors to review matters relating to the Company's stock option grants, including the accuracy of the stated dates of option grants and whether all proper corporate procedures were followed. The Special Committee is being assisted by independent outside legal counsel and accounting

experts. At this time, the Special Committee has not completed its work or reached final conclusions and is continuing its review. The Special Committee has, however, reached a preliminary conclusion that the actual dates of measurement for certain past stock option grants for accounting purposes differed from the recorded grant dates for such awards. As a result of changes in measurement dates, the Company expects to record additional non-cash charges for stock-based compensation expenses in prior periods. Based on the Special Committee's preliminary conclusion, the Company expects that (i) such non-cash charges will be material and (ii) the Company will need to restate its historical financial statements for each of the fiscal years ended January 31, 2005, 2004, 2003, 2002 and 2001 and for the first three quarters of the fiscal year ended January 31, 2006. Such charges could also affect prior periods. On April 14, 2006, the Audit Committee of the Company's Board of Directors concluded that such financial statements and any related reports of its independent registered public accounting firm should no longer be relied upon.

Any such stock-based compensation charges would have the effect of decreasing the income from operations, net income and retained earnings figures contained in the Company's historical financial statements. The Company does not expect that the anticipated restatements would have a material impact on its historical revenues, cash position or non-stock option related operating expenses.

The Company notified The NASDAQ Stock Market that it expects not to be in compliance with the NASDAQ requirements for continued listing under NASDAQ Marketplace Rule 4310(c)(14) that requires the Company to make on a timely basis all required filings with the SEC. The Company expects that it will receive a Staff Determination letter from The NASDAQ Stock Market indicating that, due to its noncompliance with NASDAQ Marketplace Rule 4310(c)(14), its common stock would be delisted unless the Company requests a hearing in accordance with the NASDAQ Marketplace Rules. If the Company receives such a Staff Determination Letter, the Company intends to request a hearing before the NASDAQ Listing Qualifications Panel to review the Staff Determination. Under NASDAQ Marketplace Rules, a request for a hearing stays the delisting action pending the issuance of a written determination by the NASDAQ Listing Qualification Panel.

The Company intends to issue results for its fourth quarter and the fiscal year ended January 31, 2006, file its Annual Report on Form 10-K for the fiscal year ended January 31, 2006 and file any financial statements required to be restated as soon as practicable after the completion of the Special Committee's review. (Emphasis added)

39. Defendants engaged in improper practices in order to bolster the Company's stock price. Defendants directly participated in an accounting fraud which materially overstated the Company's financial results in violation of Generally Accepted Accounting Principles ("GAAP"). Defendants materially overstated Comverse's financial results by improperly recording the actual dates of measurement for past stock options grants. As a result of the Company manipulating the actual dates of measurement for stock options Comverse is forced to record additional non-cash charges for stock-based compensation expenses in prior periods. The Company expects that (i) such non-cash charges will be material and (ii) the Company will need to restate its historical financial statements for each of the fiscal years ended January 31, 2005, 2004, 2003, 2002 and 2001 and for the first three quarters of the fiscal year ended January 31, 2006.

40. On April 17, 2006, defendants revealed that Comverse will record additional non-cash charges for stock-based compensation expenses and that (i) such non-cash charges will be material and (ii) the Company will need to restate its historical financial statements for each of the fiscal years ended January 31, 2005, 2004, 2003, 2002 and 2001 and for the first three quarters of the fiscal year ended January 31, 2006. In response to the news, Comverse's stock price continued its decline to closed at \$23.10 on April 18, 2006 on unusually large trading volumes,

41. In knowing or reckless disregard of the truth, defendants issued and/or participated in the issuance of materially false and misleading statements and financial

information to the investing public, as particularized above. These representations were materially false and misleading when made for the reasons set forth herein.

42. In addition, the defendants not only falsely and materially overstated the Company's earnings figures but failed to file financial statements with the SEC which conformed to the requirements of GAAP, such that the financial statements were presumptively misleading and inaccurate pursuant to Regulation S-X, 17 CFR 210.4-01(a)(1).

43. As a result of its accounting improprieties, Converse's reported financial results also violated at least the following provisions of GAAP for which each defendant is necessarily responsible:

The principle that financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions was violated (FASB Statement of Concepts No. 1, ¶ 34);

The principle that financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and the effects of transactions, events and circumstances that change resources and claims to those resources was violated (FASB Statement of Concepts No. 1, ¶ 40);

The principle that financial reporting should provide information about how management of an enterprise has discharged its stewardship responsibility to owners (stockholders) for the use of enterprise resources entrusted to it was violated. To the extent that management offers securities of the enterprise to the public, it voluntarily accepts wider responsibilities for accountability to prospective investors and to the public in general (FASB Statement of Concepts No. 1, ¶ 50);

The principle that financial reporting should provide information about an enterprise's financial performance during a period was violated. Investors and creditors often use information about the past to help in assessing the prospects of an enterprise. Thus, although investment and credit decisions reflect investors' expectations about future enterprise performance, those expectations are commonly based at least partly on evaluations of past enterprise performance (FASB Statement of Concepts No. 1, ¶ 42);

The principle that financial reporting should be reliable in that it represents what it purports to represent was violated. That information should be reliable as well as relevant to a notion that is central to accounting (FASB Statement of Concepts No. 2, ¶ ¶ 58-59);

The principle of completeness, which means that nothing is left out of the information that may be necessary to ensure that it validly represents underlying events and conditions, was violated (FASB Statement of Concepts No. 2, ¶ 79).

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. The best way to avoid injury to investors is to try to ensure that what is reported represents what it purports to represent (FASB Statement of Concepts No. 2, ¶ ¶ 95, 97).

44. Defendants' false representations and material omissions were made with scienter in that: defendants knew or recklessly disregarded that the Class Period SEC Filings and the Class Period press releases were materially false and misleading as described above; knew or were reckless in not knowing that the false financial results would be issued or disseminated to

the investing public; and knowingly and substantially participated in the preparation and/or issuance or dissemination of such statements or documents.

**COUNT 1**

**For Violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5**

45. Plaintiff incorporates by reference and realleges each of the foregoing paragraphs.

46. During the Class Period, defendants, individually and in concert, engaged in a plan, scheme, and course of conduct, pursuant to which they knowingly and/or recklessly engaged in acts, transactions, practices, and courses of business which operated as a fraud upon plaintiff and other members of the Class, and made various untrue and deceptive statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to plaintiff and other Class members. The purpose and effect of this scheme was to induce plaintiff and the Class to purchase Comverse common stock at artificially inflated prices.

47. During the Class Period, defendants, pursuant to their plan, scheme and unlawful course of conduct, knowingly and/or recklessly issued, or caused to be issued statements to the investing public as described above, including the Class Period press releases and the Class Period SEC Filings.

48. Defendants knew and/or recklessly disregarded the falsity of the foregoing statements. As senior officers and/or directors of the Company, involved in its business and operations, the Individual Defendants had access to the non-public information detailed above, by virtue of their receipt of periodic internal reports detailing actual sales, advertising revenues and other financial information.

49. Throughout the Class Period, Comverse acted through the Individual Defendants, whom it portrayed and represented to the press and public as its valid representatives. The

willfulness, motive, knowledge, and recklessness of the Individual Defendants are therefore imputed to Comverse which is primarily responsible for the securities law violations of the Individual Defendants while acting in their official capacities as Company representatives, or, in the alternative, which is liable for the acts of the Individual Defendants under the doctrine of *respondent superior*.

50. Each of the defendants knew or recklessly disregarded the fact that the above acts and practices, misleading statements, and omissions would adversely affect the integrity of the market in Comverse's common stock. Had the adverse facts defendants concealed been properly disclosed, Comverse's stock would not have sold at the artificially inflated prices it did during the Class Period.

51. The value of Comverse common stock declined materially upon public disclosure of the truth concerning the Company's financial circumstances, financial circumstances which had been misrepresented or concealed, as alleged in this complaint. Plaintiff and other members of the Class have suffered substantial damages as a result of the wrongs alleged herein.

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

53. By reason of their status as officers and/or members of management and as directors of Comverse the Individual Defendants were "controlling persons" of Comverse within the meaning of Section 20 of the Exchange Act and had the power and influence to cause Comverse to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of Comverse's business, the information contained in its filings with the SEC and public statements about its business.

**DEMAND FOR JURY TRIAL**

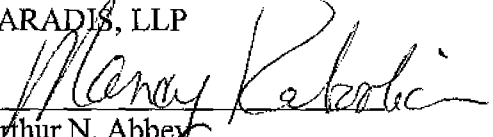
Plaintiff demands a trial by jury on all issues.

**WHEREFORE**, plaintiff on his own behalf and on behalf of the Class prays for judgment as follows:

- A. Declaring this action to be a proper class action maintainable pursuant to Rule 23 of the Federal Rules of Civil Procedure and plaintiff to be a proper class representative and his counsel lead counsel;
- B. Awarding plaintiff and the Class compensatory damages, together with appropriate prejudgment interest at the maximum rate allowable by law;
- C. Awarding plaintiff and the Class their costs and expenses for this litigation including reasonable attorneys' fees and other disbursements; and
- D. Granting such other and further relief as this Court deems to be just and proper.

Dated: June 1, 2006

ABBEY SPANIER RODD ABRAMS &  
PARADIS, LLP

  
Arthur N. Abbey  
Nancy Kaboolian (NK 6346)  
212 East 39<sup>th</sup> Street  
New York, NY 10016  
Tel. (212) 889-3700  
Fax (212) 684-5191

Karen Hanson Riebel  
Lockridge Grindal Nauen P.L.L.P.  
100 Washington Avenue South  
Suite 2200  
Minneapolis, MN 55401  
(612) 596-4097

Diane Nygaard,  
The Nygaard Law Firm,  
4501 College Boulevard,  
Suite 260,  
Leawood, Kansas 66211,  
Tel: 913-469-5544,  
fax 913-469-1561

*Attorneys for Plaintiff*

**PLAINTIFF CERTIFICATION**

I, James Michael Gorman, hereby state:

1. I have reviewed a Complaint against Comverse Technology, Inc., Kobi Alexander, Zeev Brogman, David Krainberg, and Itzik Danziger and have authorized the filing of the same or a similar complaint on my behalf.

2. I did not purchase any Comverse Technology, Inc. securities at the direction of counsel or in order to participate in this private action.

3. I am willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.

4. The following includes all of my transactions in Comverse Technology, Inc. securities during the Class Period (April 30, 2001 through April 16, 2006) as defined in the Complaint:

<u>TRANSACTION</u> (PURCHASE, SALE, EXCHANGE, CALL, PUT, ETC.)	<u>TRADE DATE</u>	<u>PRICE</u>	<u>QUANTITY</u>
Purchase	January 26, 2001	117.663	10
Purchase	February 28, 2001	73.937	5
Purchase	March 28, 2001	67.067	10
Sold	June 28, 2001	57.205	25

5. I have filed the following civil actions as a representative party on behalf of a class under the federal securities laws during the last three years:

None

6. I will not accept any payment for serving as a representative party on behalf of a class except to receive my pro rata share of any recovery, or as ordered or approved by the Court, including the award to a representative party of reasonable costs and expenses including lost wages relating to the representation of the class.

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

Executed this \_\_\_\_\_ day of May, 2006.

*James Michael Gorman*  
(signature)

James Michael Gorman

(print name)

Johnson

(county of residence)

# CIVIL COVER SHEET

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 filing in any federal court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

## I. (a) PLAINTIFFS

JAMES M. GORMAN, individually and on behalf of all others similarly situated,

(b) County of Residence of First Listed Plaintiff Johnson Cty Kansas  
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Nancy Kaboolian, Abbey Spanier Rodd Abrams & Paradis, LLP  
212 East 39th Street, New York (212) 889-3700

## DEFENDANTS

COMVERSE TECHNOLOGY, INC., KOBI ALEXANDER, ZEEV BREGMAN, DAVID KREINBERG and ITSIK DANZIGER

County of Residence of First Listed Defendant \_\_\_\_\_  
(IN U.S. PLAINTIFF CASES ONLY)

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

Attorneys (If Known)

**GARAUFIS, J.**

## II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 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)

- |   |                            |                            |   |                            |                            |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
|   | PTF                        | DEF                        |   | PTF                        | DEF                        |
| Citizen of This State                   | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State     | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State                | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation  | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

## IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury  <b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PERSONAL INJURY</b> <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability  <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other  <b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157  <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark  <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))  <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes

## V. ORIGIN

(Place an "X" in One Box Only)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

## VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):  
Sections 10(b) and 20 of SEC Act of 1934, 15 U.S.C. Secs. 78j(b) and 78t  
Brief description of cause:  
Claims alleged arise under Rule 10b-5, 17 C.F.R. Sec. 240.10b-5

## VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ \_\_\_\_\_  
CHECK YES only if demanded in complaint:  
JURY DEMAND:  Yes  No

## VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE Nicholas G. Garaufis DOCKET NUMBER 06-cv-1825

DATE \_\_\_\_\_ SIGNATURE OF ATTORNEY OF RECORD \_\_\_\_\_

6/01/2006  
FOR OFFICE USE ONLY

RECEIPT# \_\_\_\_\_ AMOUNT \_\_\_\_\_ APPLYING IFP \_\_\_\_\_ JUDGE NGG MAG. JUDGE JMA

2738

ARBITRATION CERTIFICATION

I, Nancy Kaboolian, counsel for James M. Gorman, individually and on behalf of all others do hereby certify pursuant to the Local Arbitration Rule 83.10 that to the best of my knowledge and belief the damages recoverable in the above captioned civil action exceed the sum of \$150,000 exclusive of interest and costs.

Relief other than monetary damages is sought.

DISCLOSURE STATEMENT - FEDERAL RULES CIVIL PROCEDURE 7.1

Identify any parent corporation and any publicly held corporation that owns 10% or more of its stocks:

Did the cause arise in Nassau or Suffolk County? yes

If answered yes, please indicate which county. Nassau

County of residence of plaintiff(s) (1) Johnston County, Kansas (2) (3)

County of residence of defendant(s) (1) (2) (3)

I am currently admitted in the Eastern District of New York and currently a member in good standing of the bar of this court.

Yes X No

Are you currently the subject of any disciplinary action(s) in this or any other state or federal court?

Yes (If yes, please explain) No X

Please provide your E-MAIL Address and bar code below. Your bar code consists of the initials of your first and last name and the first four digits of your social security number or any other four digit number registered by the attorney with the Clerk of Court. (This information must be provided pursuant to local rule 11.1(b) of the civil rules).

ATTORNEY BAR CODE: NK 6346

E-MAIL Address: nkaboolian@abbeyspanier.com

I consent to the use of electronic filing procedures adopted by the Court in Administrative Order No. 97-12, "In re Electronic Filing Procedures(EFP)", and consent to the electronic service of all papers.

Signature: Nancy Kaboolian