

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

MARGUERITTE SHERRARD, Individually and On Behalf of All Others Similarly Situated,)	
)	CIVIL ACTION NO.
)	
Plaintiff,)	
)	CLASS ACTION COMPLAINT
vs.)	
)	
GLOBALSTAR, INC., JAMES MONROE III, and FUAD AHMAD,)	<u>JURY TRIAL DEMANDED</u>
)	
Defendants.)	

Plaintiff, Margueritte Sherrard, (“Plaintiff”), alleges the following based upon the investigation by Plaintiff’s counsel, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Globalstar Inc. (“Globalstar” or the “Company”) securities analysts’ reports and advisories about the Company, and information readily available on the Internet, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND OVERVIEW

1. This is a federal class action on behalf of purchasers of the publicly traded common stock of Globalstar who purchased or otherwise acquired Globalstar common stock pursuant or traceable to the Company’s November 2, 2006 Initial Public Offering (“IPO”) through February 5, 2007, seeking to pursue remedies under the Securities Act of 1933 (the “Securities Act”).

2. Globalstar is a provider of mobile voice and data communication services via satellite. Globalstar provides mobile and fixed voice and data services, asset tracking and monitoring services, high-speed Internet access, video and audio broadcasting, supervisory and data control applications, and remote file transfer and virtual private networking services.

3. The complaint alleges that, in connection with the Company's IPO, Defendants made materially false and misleading statements, in that they failed to disclose or indicate that at the time of the IPO: (1) that the performance of the Company's power amplification communication system antennas on its global satellite system was degrading at an accelerated rate; and (2) as such, the commercial usefulness of the satellites was declining at an accelerated rate.

4. On February 5, 2007, Globalstar disclosed that its power amplification communication system antennas were degrading at a greater rate than that disclosed in connection with the IPO Prospectus. On this news, shares of the Company's stock declined \$4.08 per share, or 28 percent, to close on February 6, 2007 at \$10.40 per share, on unusually heavy trading volume.

JURISDICTION AND VENUE

5. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act (15 U.S.C. §§ 77k, 771(a)(2) and 77o).

6. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act (15 U.S.C. § 77v).

7. Venue is proper in this Judicial District pursuant to Section 22 of the Securities Act. Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this

Judicial District. Additionally, the IPO was actively marketed and sold in this District.

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

PARTIES

9. Plaintiff, Margueritte Sherrard, as set forth in the accompanying certification, incorporated by reference herein, purchased Globalstar common stock at artificially inflated prices pursuant or traceable to the Company's IPO and has been damaged thereby.

10. Defendant Globalstar is a Delaware corporation with its principal place of business located at 461 South Milpitas Boulevard, Milpitas, California.

11. Defendant James Monroe III ("Monroe") was, at all relevant times, the Company's Chairman of the Board, Chief Executive Officer and a Director of Globalstar. Defendant Monroe signed the Registration Statement.

12. Defendant Fuad Ahmad ("Ahmad") was, at all relevant times, the Company's Chief Financial Officer ("CFO") and Vice President. Defendant Ahmed signed the Registration Statement.

13. Defendants Monroe and Ahmed are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Globalstar's submissions to the SEC and the market. Because of their positions and access to material non public information available to them, each of these Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive

representations which were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

14. Globalstar is a provider of mobile voice and data communication services via satellite. Globalstar provides mobile and fixed voice and data services, asset tracking and monitoring services, high-speed Internet access, video and audio broadcasting, supervisory and data control applications, and remote file transfer and virtual private networking services.

15. On October 27, 2006, Globalstar filed a Form S-1/A with the SEC, which was Amendment Number 5 to their IPO Registration Statement (the “Registration Statement”). Therein, the Company, in relevant part, stated:

This is Globalstar, Inc.'s initial public offering. We are offering 6,500,000 shares of common stock. We expect the initial public offering price of our common stock to be between \$16.00 and \$18.00 per share.

Prior to this offering, there has been no public market for our common stock. We have filed an application for our common stock to be listed on the NASDAQ Global Market under the symbol "GSAT."

Materially False and Misleading Statements Issued In the Prospectus

16. On November 2, 2006, the Prospectus (the “Prospectus”) with respect to the IPO, which forms part of the Registration Statement, became effective. The Prospectus indicated that Globalstar sought to sell 7.5 million shares of its common stock to the public, thereby raising

approximately \$127 million. Additionally, the Company stated, in relevant part:

We are a leading provider of mobile voice and data communications services via satellite, with an estimated 10.2% share of global subscribers in the mobile satellite services industry in 2005. By providing wireless services where terrestrial wireless and wireline networks do not, we seek to address our customers' increasing desire for connectivity and reliable service at all times and locations. Using 43 inorbit satellites and 25 ground stations, which we refer to as gateways, we offer voice and data communications services in over 120 countries. Sixteen of these gateways are operated by unaffiliated companies, which we refer to as independent gateway operators and which purchase communications services from us on a wholesale basis for resale to their customers.

* * *

At June 30, 2006, we served approximately 236,500 subscribers. We added approximately 54,000 and 41,000 net subscribers in the year ended December 31, 2005 and in the six months ended June 30, 2006, respectively. We count "subscribers" based on the number of devices that are subject to agreements which entitle them to use our voice or data communication services rather than the number of persons or entities who own or lease those devices.

Our satellite constellation was launched in the late 1990s. We intend to launch eight spare satellites in 2007 to supplement those currently in orbit. We believe that, as supplemented, our constellation will continue to provide commercially acceptable service at least into 2010. [Emphasis added.]

17. The statements contained in ¶ 16 were materially false and misleading when made because Defendants failed to disclose or indicate that at the time of the IPO: (1) that the performance of the Company's power amplification communication system antennas on its global satellite system was degrading at an accelerated rate; and (2) as such, the commercial usefulness of the satellites was declining.

18. Under applicable SEC rules and regulations governing the preparation of the Registration Statement and Prospectus, the Globalstar's Prospectus was required to disclose that its constellation of satellites was degrading at faster rate than they revealed, and therefore their commercial usefulness was declining.

The Truth Begins to Emerge

19. On February 5, 2007, Globalstar filed a Form 8-K with the SEC. Therein, the Company, in relevant part, revealed:

Satellite Constellation Operations.

Based on its most recent analysis, the Company now believes that, if the degradation of the S-band antenna amplifiers continues at the current rate or further accelerates, and if the Company is unsuccessful in developing additional technical solutions, the quality of two-way communications services will decline, and by some time in 2008 substantially all of the Company's currently in-orbit satellites will cease to be able to support two-way communications services. As the number of in-orbit satellites with properly functioning S-band antenna decreases, despite a successful launch and optimized placement in orbit of the eight spare satellites in mid-2007, increasingly larger coverage gaps will recur over areas in which the Company currently provides two-way communication services. Subscriber service will continue to be available, but at certain times in any given location it will take substantially longer to establish calls and the average duration of calls may be impacted adversely. [Emphasis added.]

20. On the release of this news, shares of the Company's stock declined \$4.08 per share, or 28 percent, to close on February 6, 2007 at \$10.40 per share, on unusually heavy trading volume.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

21. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or

otherwise acquired Globalstar common stock pursuant or traceable to the Company's November 2, 2006 IPO through February 5, 2007, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

22. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Globalstar's common stock was actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believe that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Globalstar or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

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

24. Plaintiff will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

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

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

- b. whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Globalstar; and
- c. to what extent the members of the Class have sustained damages and the proper measure of damages.

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

UNDISCLOSED ADVERSE FACTS

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

28. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Globalstar's common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and

misrepresented the truth about the Company, its business and operations, as alleged herein.

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

LOSS CAUSATION

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

31. During the Class Period, Plaintiff and the Class purchased the common stock of Globalstar at artificially inflated prices and were damaged thereby. The price of Globalstar's common stock declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

**Applicability of Presumption of Reliance:
Fraud On The Market Doctrine**

32. At all relevant times, the market for Globalstar common stock was an efficient market for the following reasons, among others:

- a. Globalstar stock met the requirements for listing, and was listed and actively traded on NASDAQ, a highly efficient and automated market;
- b. As a regulated issuer, Globalstar filed public reports with the SEC and NSADAQ;
- c. Globalstar regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- d. Globalstar was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

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

NO SAFE HARBOR

34. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Globalstar who knew that those statements were false when made.

FIRST CLAIM **Violation of Section 11 of The Securities Act** **Against All Defendants**

35. Plaintiff repeats and realleges each and every allegation contained above, excluding all allegations above that contain facts necessary to prove any elements not required to state a Section 11 claim.

36. This claim is brought by Plaintiff and all other members of the Class who obtained Globalstar stock pursuant to the Registration Statement. Each Class member acquired their shares pursuant to or traceable to, and in reliance on, the Prospectus.

37. Individual Defendants as signatories of the Registration Statement and the Prospectus, as directors and/or officers of Globalstar and controlling persons of the issuer, owed

to the holders of the stock obtained through the Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement and the Prospectus at the time they became effective to ensure that such statements were true and correct and that there was no omission of material facts required to be stated in order to make the statements contained therein not misleading. Defendants knew, or in the exercise of reasonable care should have known, of the material misstatements and omissions contained in or omitted from the Registration Statement and the Prospectus as set forth herein. As such, Defendants are liable to the Class.

38. None of the Defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement and the Prospectus were true or that there was no omission of material facts necessary to make the statements made therein not misleading.

39. Defendants issued and disseminated, caused to be issued and disseminated, and participated in the issuance and dissemination of, material misstatements to the investing public which were contained in the Prospectus, which misrepresented or failed to disclose, *inter alia*, the facts set forth above. By reason of the conduct herein alleged, each Defendant violated and/or controlled a person who violated Section 11 of the Securities Act.

40. As a direct and proximate result of Defendants' acts and omissions in violation of the Securities Act, the market price of Globalstar common stock was artificially inflated and Plaintiff and the Class suffered substantial damage in connection with their ownership of Globalstar common stock pursuant to the Registration Statement and the Prospectus.

41. Globalstar is the issuer of the common stock sold via the Registration Statement. As issuer of the stock, the Company is strictly liable to Plaintiff and the Class for the material misstatements and omissions therein.

42. At the times they obtained their shares of Globalstar, the Plaintiff and members of the Class did so without knowledge of the facts concerning the misstatements or omissions alleged herein.

43. This action is brought within one year after discovery of the untrue statements and omissions in and from the Prospectus should have been made through the exercise of reasonable diligence, and within three years of the effective date of the Prospectus.

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

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

45. Plaintiff repeats and realleges each and every allegation contained above.

46. This Count is brought pursuant to Section 12(a)(2) of the Securities Act on behalf of the Class, against all defendants.

47. Defendants were sellers and offerors and/or solicitors of purchasers of the shares offered pursuant to the Prospectus.

48. The Prospectus contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and concealed and failed to

disclose material facts. The Individual Defendants' actions of solicitation included participating in the preparation of the false and misleading Prospectus.

49. Defendants owed to the purchasers of Globalstar securities, including Plaintiff and other Class members, the duty to make a reasonable and diligent investigation of the statements contained in the IPO materials, including the Prospectus contained therein, to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. Defendants knew of, or in the exercise of reasonable care should have known of, the misstatements and omissions contained in the IPO materials as set forth above.

50. Plaintiff and other members of the Class purchased or otherwise acquired Globalstar securities pursuant to and/or traceable to the defective Prospectus. Plaintiff did not know, or in the exercise of reasonable diligence could not have known, of the untruths and omissions contained in the Prospectus.

51. Plaintiff, individually and representatively, hereby offers to tender to defendants those securities which plaintiff and other Class members continue to own, on behalf of all members of the Class who continue to own such securities, in return for the consideration paid for those securities together with interest thereon. Class members who have sold their Globalstar securities are entitled to rescissory damages.

52. By reason of the conduct alleged herein, these defendants violated, and/or controlled a person who violated Section 12(a)(2) of the Securities Act. Accordingly, Plaintiff and members of the Class who hold Globalstar securities purchased in the IPO have the right to rescind and recover the consideration paid for their Globalstar securities and hereby elect to

rescind and tender their Globalstar securities to the defendants sued herein. Plaintiff and Class members who have sold their Globalstar securities are entitled to rescissory damages.

THIRD CLAIM
Violation of Section 15 of The Securities Act
Against Individual Defendants

53. Plaintiff repeats and realleges each and every allegation contained above, excluding all allegations above that contain facts necessary to prove any elements not required to state a Section 15 claim.

54. This count is asserted against Individual Defendants and is based upon Section 15 of the Securities Act.

55. Individual Defendants, by virtue of their offices, directorship and specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of Globalstar within the meaning of Section 15 of the Securities Act. Individual Defendants had the power and influence and exercised the same to cause Globalstar to engage in the acts described herein.

56. The Individual Defendants position made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiff and the Class.

57. By virtue of the conduct alleged herein, Individual Defendants are liable for the aforesaid wrongful conduct and are liable to plaintiffs and the Class for damages suffered.

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

- a. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- b. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages

sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

- c. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- d. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Respectfully submitted,

Dated:

By: _____

Evan J. Smith
240 Mineola Boulevard
Mineola, NY 11501
Telephone: (516) 741 – 4977
Facsimile: (516) 741 – 0626

**SCHIFFRIN BARROWAY
TOPAZ & KESSLER, LLP**
Richard A. Maniskas
D. Seamus Kaskela
280 King of Prussia Rd.
Radnor, PA 19087
Telephone: (610) 667 – 7706
Facsimile: (610) 667 – 7056

Attorneys for Plaintiff