

JUDGE PATTERSON

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

HAROLD ZIRKIN, Individually And On Behalf of )  
All Others Similarly Situated, )

Plaintiff, )

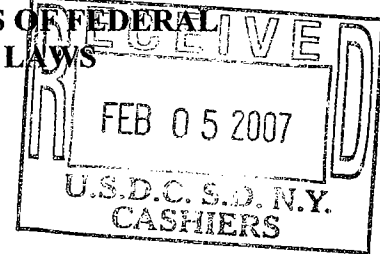
vs. )

QUANTA CAPITAL HOLDINGS, LTD., JAMES )  
J. RITCHIE, JONATHAN J.R. DODD, ROBERT )  
LIPPINCOTT, III, MICHAEL J. MURPHY, )  
NIGEL W. MORRIS, W. RUSSELL RAMSEY, )  
WALLACE L. TIMMENY, FRIEDMAN, )  
BILLINGS & RAMSEY, LTD., and BB&T )  
CAPITAL MARKETS, )

Defendants. )

CIVIL ACTION NO. \_\_\_\_\_

CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF FEDERAL  
SECURITIES LAWS



JURY TRIAL DEMANDED

Plaintiff alleges the following based upon the investigation of his counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Quanta Capital Holdings, Ltd. ("Quanta" or the "Company"), as well as press releases and other public statements issued by the Company, 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

1. This is a federal securities class action on behalf of purchasers (the "Class") of the preferred and common shares of Quanta between December 14, 2005 and March 2, 2006, inclusive (the "Class Period"), pursuant to or traceable to one of the Prospectuses (defined

below), seeking to pursue remedies under the Securities Act of 1933 (the “Securities Act”).

None of the allegations herein sound in fraud.

### **JURISDICTION AND VENUE**

2. The claims asserted herein arise under Sections 11 (15 U.S.C. § 77k) and 15 (15 U.S.C. § 77o) of the Securities Act.

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Section 22 of the Securities Act (15 U.S.C. § 77v).

4. Venue is proper in this District pursuant to Section 22 of the Securities Act.

5. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

### **PARTIES**

6. Plaintiff Harold Zirkin, as set forth in the accompanying certification incorporated by reference herein, purchased preferred shares of Quanta during the Class Period and has been damaged thereby.

7. Defendant Quanta is a Bermuda holding company that provides specialty insurance, specialty reinsurance, risk assessment and risk consulting products and services on a global basis through its subsidiaries. Quanta’s principal executive offices are located at Cumberland House, 1 Victoria Street, Hamilton HM 11, Bermuda. Quanta has designated CT Corporation, located at 111 Eighth Avenue, New York, New York, as its agent for service of process for alleged violations under the federal securities laws. The Company’s common shares

trade over the NASDAQ National Market (the "NASDAQ") under the ticker symbol "QNTA," and its preferred shares under the ticker symbol "QNTAP".

8. At all relevant times, Defendant James J. Ritchie served as the Company's Chairman. Ritchie signed the Prospectuses.

9. At all relevant times, Defendant Jonathan J.R. Dodd served as the Company's Chief Financial Officer. Dodd signed the Prospectuses.

10. At all relevant times, Defendant Robert Lippincott, III served as interim CEO. Lippincott signed the Prospectuses.

11. At all relevant times, Defendant Michael J. Murphy served as a director. Murphy signed the Prospectuses.

12. At all relevant times, Defendant Nigel W. Morris served as a director. Morris signed the Prospectuses.

13. At all relevant times, Defendant Wallace L. Timmeny served as a director. Timmeny signed the Prospectuses.

14. At all relevant times, Defendant W. Russell Ramsey ("Ramsey") served as a director. Ramsey is a principal of Defendant Friedman, Billings & Ramsey, Ltd. ("FBR"). Ramsey signed the Prospectuses.

15. Defendant FBR was co-founder of Quanta, served as lead underwriter to the offerings, and is a large owner of Quanta shares. FBR's headquarters is located at 1001 Nineteenth Street North, Arlington, VA, 22209. FBR owned 5.2% of Quanta's stock as of November 30, 2005.

16. Defendant BB&T Capital Markets (“BB&T”), a division of Scott & Stringfellow, Inc., also served as underwriter to the offerings. BB&T is located in Winston Salem, North Carolina.

17. The Defendants referenced above in paragraphs 9-15 are referred to herein as the “Individual Defendants.”

18. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company’s public filings as alleged herein are the collective actions of the narrowly defined group of Defendants identified above. Each of the above officers and directors of Quanta, by virtue of their high-level positions with the Company, directly participated in the management of the Company, and was directly involved in the day-to-day operations of the Company at the highest levels. Said Defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, and approved or ratified these statements, in violation of the federal securities laws.

19. As officers and/or directors, and as controlling persons of a publicly-held company whose common and preferred stock was, and is, registered with the SEC pursuant to the Securities Act, traded on the NASDAQ, and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company’s financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company’s publicly-traded

securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

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

#### **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 the preferred or common shares of Quanta, pursuant to or traceable to one of the Prospectuses, between December 14, 2005 and March 2, 2006, and who were damaged thereby. Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

22. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Quanta shares were 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 believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Quanta 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 has 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:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the financial reporting, business, operations and management of Quanta; and
- 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.

### SUBSTANTIVE ALLEGATIONS

27. Quanta was Russell Ramsey's brainchild. According to a August 23, 2004 *Washington Post* article entitled *Learning to Play With the Big Boys; FBR Finds Formula to Create a Niche in Investment Banking*, Ramsey was instrumental in organizing Quanta and had a significant stake in the Company:

Ramsey, 44, left FBR's management at the end of 2001 to form his own Tysons Corner private equity firm, Capital Crossover Partners LP. However, he still sits on FBR's board of directors and holds nearly a million FBR shares, worth more than \$18 million....

Ramsey said that in the months after the Sept. 11, 2001, terrorist attacks he noticed that rates for property casualty insurance "were going through the roof" and figured it made sense to create a new insurer to take advantage of the higher rates and reap the benefits of owning a firm that was not saddled with claims from the past, either terrorist-related or from such ongoing issues as payouts for asbestos contamination. He started Quanta with two executives from Chubb Financial Solutions Inc., Michael J. Murphy and Tobey J. Russ. He also got FBR involved.

"I brought FBR to the table as an adviser. FBR was the underwriter and raised \$550 million" in a private equity offering, Ramsey said. He said Quanta will have written that much in insurance policies by the end of 2004.

Ramsey said he owns 7 percent of Quanta, while FBR has a 5 percent stake. Quanta went public last September. FBR's 7 percent IPO underwriting fee came to \$38.5 million.

On June 30, the total value of FBR's direct equity investments, including the Quanta stake, came to \$221 million.

28. A.M. Best Company (“A.M. Best”) is a credit rating company, which specializes in the insurance and reinsurance industry. A.M. Best ratings are based on a company’s available and required rated capital to support its operations considering a quantitative evaluation of a company’s performance with respect to profitability, leverage, and liquidity and a qualitative evaluation of spread of risk, investments, reinsurance programs, reserves and management. As the Company repeatedly admitted, A.M. Best’s ratings were of *paramount* importance to Quanta.

29. On August 29, 2005, Hurricane Katrina struck Louisiana, Mississippi, Alabama, and surrounding areas, causing significant destruction in those areas. On September 24, 2005, Hurricane Rita struck Texas and Louisiana, causing significant destruction in those areas.

30. On October 5, 2005, as a result of the losses from Hurricanes Katrina and Rita, A.M. Best placed the financial strength rating assigned to Quanta Bermuda (a Quanta subsidiary) and its subsidiaries and Quanta Europe, which was then “A-” (excellent), under review with negative implications.

31. After October 5, 2005, Quanta and A.M. Best discussed how to protect Quanta’s credit rating and retain the current “A-” rating. After such discussions, Quanta began to implement: (1) the property transaction (limiting Quanta’s property reinsurance and technical risk property losses to those relating to Hurricane Wilma and those incurred through September 30, 2005); (2) the casualty reinsurance transaction (commuting two of Quanta’s casualty reinsurance treaties back to the insurance company which had reinsured it with Quanta), which, collectively, were intended to reduce Quanta’s capital requirements in light of A.M. Best’s revised capital requirements and the probable maximum losses associated with Quanta’s

business; and (3) a public offering of common shares (and concurrent offering of preferred shares) to increase Quanta's available rated capital.

32. On October 24, 2005, Quanta named a new Chairman of the Board, Defendant Ritchie.

33. In November 2005, Defendant Dodd was appointed Chief Financial Officer.

34. During the third quarter earnings conference call held on November 1, 2005 (shortly before the roadshow for the preferred and common stock was launched), the following discussion took place:

PATRICK YAMAGOSHION: Okay. Can you break out the losses you put up for Katrina and Rita this quarter and relative to the ranges you gave? And will there be further losses taken for these events in Q4?

JONATHAN DODD: Patrick, it's Jonathan. What we disclosed is on a segmental basis. We put out our losses for our reinsurance segment, which as you know encompasses, includes reinsurance property and reinsurance marine. The total and, excuse me, on the insurance lines we have our technical property book of business. In those, our total loss impact for Katrina and Rita was \$68.5 million. Approximately \$56 to \$57 million of that was seen in our reinsurance product lines. And \$11, just over \$11 million in our insurance technical property product line.

The estimates we have right now are our best estimates based on all the information we have to date. *We've been naturally very conservative, continue to be very aggressive in getting a hold of information, which has proved difficult getting access into New Orleans and the various curfews and flood damages did make it difficult. We continually review where we're at. We're actively pursuing information. But we believe the numbers we have right now are solid.*

35. On November 21, 2005, the Quanta board of directors appointed Defendant Lippincott as Interim Chief Executive Officer and President. Lippincott succeeded Tobey J. Russ, whose resignation as Quanta CEO, president, and director was announced on November 22, 2005.

## THE MATERIALLY MISLEADING PROSPECTUSES

36. December 14, 2005 is the first day of the Class Period. On that day – *with only seventeen days left in the fourth quarter* – Quanta completed its offering of common and preferred shares, selling 11,423,340 common shares at \$4.75 per share, and 3,000,000 10.25% Series A preferred shares at \$25 per share, pursuant to two prospectuses and a registration statement (collectively, the “Prospectuses”).<sup>1</sup> The Prospectuses were signed by Defendants Ritchie, Lippincott, Murphy, Dodd, Morris, Ramsey, and Timmeny.

37. FBR was the lead underwriter of the offerings. As noted, FBR principal and Defendant Ramsey was Quanta’s founder and FBR was the financier of Quanta. As underwriter, FBR performed a due diligence investigation of Quanta and participated in the preparation of the Prospectuses. FBR was also the owner of 5% of Quanta’s shares as of November 2005.

38. BB&T Capital Markets was co-underwriter of the offerings. In this role, BB&T also performed a due diligence investigation of Quanta and participated in the preparation of the Prospectuses.

39. The Prospectuses made clear the *crucial* importance of A.M. Best’s rating to Quanta’s business:

Credit agency ratings of our insurance companies have become an increasingly important factor in maintaining the competitive position of our insurance and reinsurance companies and is also important in establishing the market value of our securities. Our ratings are subject to periodic review by, and may be revised downward or revoked at the sole discretion of, the rating agencies....

As a result of the losses expected to be incurred by us due to Hurricanes Katrina and Rita, on October 5, 2005, A.M. Best placed the financial strength

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<sup>1</sup> The common and preferred prospectuses both contained substantially similar, if not verbatim, versions of the statements quoted herein.

rating assigned to Quanta Bermuda and its subsidiaries and Quanta Europe, currently "A-" (excellent), under review with negative implications....

We are working closely with A.M. Best to understand the different capital requirements it now has for our various product lines, the capital adequacy ratio associated with these product lines at the "A-" (excellent) level, and its view of our available capital that includes their assessment of the probable maximum loss exposures associated with specified lines of our business. Based on that understanding, we believe we have developed a plan designed to retain our current rating of "A-" (excellent), which includes the Transactions and the completion of this offering and the concurrent offering. Upon implementation of the plan, based on our discussions with A.M. Best, we believe that A.M. Best will conclude its review, remove us from negative watch and initially ascribe a negative outlook to our rating.

40. In the Prospectuses, Quanta further stated:

We have substantial exposure to unexpected losses resulting from natural disasters, including hurricanes. On August 29, 2005, Hurricane Katrina struck Louisiana, Mississippi, Alabama and surrounding areas, causing significant destruction in those areas. On September 24, 2005, Hurricane Rita struck Texas and Louisiana, causing significant destruction in those areas. **Our total estimated net losses related to Hurricanes Katrina and Rita are expected to be \$68.5 million, including reinstatement premiums.** Our estimate of net losses is derived from a combination of a review of in-force contracts and preliminary loss information from our clients, brokers and loss adjusters and the output of industry models.

41. The highlighted statement was materially false and misleading because, as revealed on March 2, 2006, net losses were 15% higher – \$78.7 million.

42. On December 21, 2005, A.M. Best affirmed the financial strength rating of A- of Quanta Bermuda and its subsidiaries, although it ascribed a negative outlook to the rating. A.M. Best defines a negative outlook as indicating that a company is experiencing unfavorable financial/market trends relative to its current rating level.

**TWO AND A HALF MONTHS AFTER SELLING \$135 MILLION OF SECURITIES TO INVESTORS, QUANTA STOCK TUMBLES DUE TO “SURPRISE” LOSSES**

43. On March 2, 2006, A.M. Best downgraded the financial strength ratings of Quanta from A- to B++ and the issuer credit ratings from A- to BBB-. A.M. Best issued a press release, which stated in part:

These downgrades follow Quanta's fourth-quarter 2005 net loss of between \$40 million and \$45 million reported today, which included unexpected loss reserve development of hurricanes Katrina and Rita, as well as other actuarial service adjustments and reported changes. The underlying causes of the higher than expected fourth-quarter net loss, as well as the significant changes in key management positions in recent months, which, while generally viewed favorably by A.M. Best in the long term, have heightened A.M. Best's concerns regarding Quanta's ability to successfully execute its revised business plans and grow its business profitably. *While A.M. Best recognizes that current management is making positive pro-active operational and strategic improvements, some concerns remain related to Quanta's prior risk management practices, its marketing positioning, cost structure disadvantages and increased reliance upon reinsurance to mitigate earnings volatility. In addition, certain key management positions have yet to be filled, and business strategy decisions remain.*

44. The Company, in turn, issued a press release that stated as follows:

HAMILTON, Bermuda--(BUSINESS WIRE)--March 2, 2006--Quanta Capital Holdings Ltd. (NASDAQ:QNTA) today reported preliminary financial results for the fourth quarter and full-year ended December 31, 2005 subject to completion of review by its auditors. The Company also announced that it has received notification from A.M. Best of a downgrade of its financial strength ratings, driven by Quanta's significant fourth quarter net loss.

The Company's underwriting results for the fourth quarter and full year were negatively impacted by windstorm catastrophe costs, principally related to hurricanes Katrina, Rita and Wilma that hit the Gulf of Mexico and the Southeast United States during the third and fourth quarters of 2005. Fourth quarter 2005 results include \$12.0 million of expenses associated with hurricane Wilma, and \$10.2 million of additional costs related to hurricanes Katrina and Rita, \$5.5 million related to a previously reported environmental loss and \$8.0 to \$13.0 million of general reserve strengthening....

A special committee of Quanta's Board of Directors has engaged Friedman Billings Ramsey as financial advisor to help us evaluate...strategic alternatives including the potential sale of some or all of our businesses [and] the potential use of excess capital to repay debt or to return value to our shareholders.

45. As a result of this news, Quanta common stock plunged on extremely heavy trading volume from \$4.73 per share to \$2.83 per share, a decline of approximately 40%. Preferred Quanta shares are trading today around \$18 per share – a significant decline from the \$25 preferred offering price.

46. On March 2, 2006, Quanta also held a conference call with analysts, as well as Defendants Ritchie, Dodd, and Lippincott. The conference call showed that analysts were skeptical – at best – about Defendants recent about-face on fourth quarter losses:

[Analyst Ken Billingsley] My question is did A.M. Best have any expectations of Katrina and Rita increases? Obviously, the general increase would be a surprise to them but had they not estimated anything for Katrina and Rita development?

[JD] I don't think so, Ken.

[JD] ...Why don't we just start with another summary for everyone's benefit. Katrina and Rita, we put up \$68.5 million in net loss provisions at the end of Q3. They moved up by \$10.2 million in Q4. Of that \$10.2 million in our property lines, which obviously were a little easier to get a handle on, a lot more short tail, we actually saw favorable development of \$5.5 million covering our reinsurance property book and technical risk property book. Unfortunately, in our marine book we saw approximately \$13.5 million of adverse development. The key driver there in marine was one particular account we have. It is substantially an offshore energy account. That generated negative development of approximately \$17.4 million.

\* \* \*

[Analyst Ron Bobman]...If you don't have that first question I had about the marine loss, I had one last question that was – obviously, you came around and did a road show around December, December 1, late November – I forget. ***Part of the presentation was and I distinctly remember you saying this – that you scrubbed the reserves and you used that word.*** So obviously, with this

pipeline loss continuing to get worse with this marine loss coming to light in the fourth quarter with the general reserve addition, to remember you saying that you scrubbed the reserves and then just continuing to have a worsening in reported reserves, *it's hard to sort of establish confidence in new management when you made those sort of statements*. Could you comment on that please?

Bob Lippincott: Well, Ron, I think that's a fair observation and we did take it [sic] very hard look at reserves, last Fall, and even for the marine claim that Jonathan's going to give you some more detail on in a moment, that the reserves were set at -- well, we felt at the conservative level and we did benchmarking versus for example losses that occurred in Ivan and other places....

[RB] Alright. I commented on this at the time when the environmental pipeline loss first came to light and here again, for a company with now less than \$400 million of equity but even then at no more than \$500 million of equity, to be exposing so much of your capital to one particular account was -- it really appears unconscionable that the underwriting guidelines would permit that *and that the Board's handle along with the underwriting guidelines -- there really seems to be a complete naivete or reckless capital management program*. How you can write net policies so large on a capital base like that makes no sense. Thanks a lot.

47. Defendant Lippincott responded:

[RL] Thanks, Ron. It's 10:04 at this point in time. We'll take one more question and thank you all for your participation.

48. A March 27, 2006 news article expanded upon the close relationship between

FBR and Quanta:

Founded by Ramsey and financed by FBR, Quanta Capital Holdings Ltd. suffered such serious losses from last fall's storms that it is now struggling to survive.

Last week, Quanta told shareholders it can't file its year-end financial reports for 2005 because it still doesn't know how bad its hurricane losses will be. Current estimates are that Quanta lost nearly \$100 million last year -- on top of a \$54.6 million loss the previous year.

Besides selling Quanta stock to its investment clients, Friedman Billings Ramsey holds a 7.6 percent stake in the company and is Quanta's third-largest shareholder.

Reports to Quanta stockholders show FBR purchased 4.3 million Quanta shares for \$9.30 a share. With the stock down more than \$6 from that price, FBR is out about \$27 million. FBR, which presumably hopes to salvage both its investment and its client, would not elaborate on a statement issued last week saying it had been retained by Quanta.

### **COUNT I**

#### **[AGAINST ALL DEFENDANTS] FIRST CLAIM FOR RELIEF FOR VIOLATION OF SECTION 11 OF THE SECURITIES ACT**

49. Plaintiff repeats and realleges each and every allegation contained in the preceding paragraphs as if fully set forth herein.

50. This claim is brought by Plaintiff on behalf of the Class against all Defendants pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k.

51. The Prospectuses, at the time they became effective, were inaccurate and misleading, contained untrue statements of material fact and/or omitted to state material facts necessary to make the statements made therein not misleading, as alleged above.

52. The Company is an issuer of securities sold pursuant to the Prospectuses. As such, the Company is strictly liable for any misstatements of fact contained in the Prospectuses.

53. The Individual Defendants signed the Prospectuses.

54. FBR and BB&T were the two underwriters on the Prospectuses.

55. The statements contained in the Prospectuses were false and materially misleading as alleged herein.

56. Plaintiff and the other members of the Class who purchased the securities issued pursuant to the Prospectuses acquired such securities without knowledge of the untruths or omissions alleged therein. Plaintiff and the other members of the Class were damaged by the material misstatements and omissions of the Prospectuses.

57. This action has been brought within one year after the discovery of the untrue statements and the omissions or after such discovery should have been made by the exercise of reasonable diligence and within three years after the securities at issue were offered to the public.

58. By reason of the foregoing, Defendants have violated Section 11 of the Securities Act.

## **COUNT II**

### **[AGAINST THE INDIVIDUAL DEFENDANTS] FOR VIOLATION OF SECTION 15 OF THE SECURITIES ACT**

59. Plaintiff repeats and realleges the allegations set forth above as if set forth fully herein.

60. The Individual Defendants are alleged to be controlling persons of Quanta through stock ownership, agency or otherwise. The Individual Defendants also controlled other employees of Quanta. The Individual Defendants prepared, or were responsible for preparing, the Prospectuses.

61. Because of their high-level positions of control with respect to the issuance of the Prospectuses, and their knowledge of Quanta's business, the Individual Defendants are controlling persons within the meaning of Section 15 of the Securities Act.

62. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled to damages against the Individual Defendants.

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

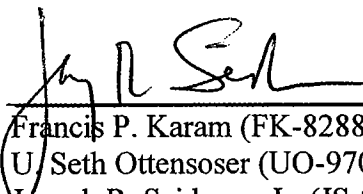
- Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- Awarding rescission or rescissory damages to members of the Class who no longer own their Quanta shares;
- Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: February 5, 2006

**BERNSTEIN LIEBHARD & LIFSHITZ, LLP**

By:   
Francis P. Karam (FK-8288)  
U/Seth Ottensoser (UO-9703)  
Joseph R. Seidman, Jr. (JS-9260)  
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**Attorneys for Plaintiff Harold Zirkin**

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

I, HAROLD ZIRKIN ("Plaintiff"), declare the following as to the claims asserted under the federal securities laws:

1. Plaintiff has reviewed the complaint filed in this matter and has authorized the filing of a complaint based on similar allegations in a related or amended complaint. Plaintiff retains Bernstein Liebhard & Lifshitz, LLP and such co-counsel it deems appropriate to associate with to pursue such action on a contingent fee basis.

2. Plaintiff did not purchase the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in this private action.

3. Plaintiff is willing to serve as a lead plaintiff either individually or as part of a group. A lead plaintiff is a representative party who acts on behalf of other class members in directing the action, and whose duties may include testifying at deposition and trial. I understand that the litigation is not settled, this is not a claim form, and sharing in any recovery is not dependent upon execution of this Certification.

4. Plaintiff's transaction(s) in the Quanta Capital Services, Ltd. securities that are the subject of this action during the class period are as follows:

<u>No. of Shares</u>	<u>Stock Symbol</u>	<u>Buy/Sell</u>	<u>Date</u>	<u>Price Per Share</u>
SEE ATTACHED				
4,000	QNTAP	Buy	12-14-05	\$ 25

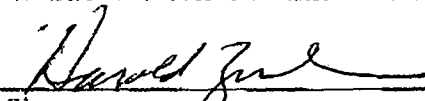
Please list other transactions on a separate sheet of paper, if necessary.

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

6. 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, or as ordered or approved by the court, including any award for reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 2<sup>nd</sup> day of ~~December, 2006~~

February, 2007

  
\_\_\_\_\_  
Signature  
Harold Zirkon